

JPRS 76616

14 October 1980

# Latin America Report

No. 2201



FOREIGN BROADCAST INFORMATION SERVICE

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GROWING UNEMPLOYMENT TO BE INVESTIGATED BY HOUSE COMMITTEE

Nassau THE TRIBUNE in English 18 Sep 80 p 1

[Article by Gladstone Thurston]

[Text] GOVERNMENT last night heeded Opposition pleas and appointed a committee to investigate the Bahamas' growing unemployment problem.

Requested by official opposition leader Norman Solomon, the committee is to place particular emphasis on finding practical ways to help the unemployed become productive and self-respecting citizens.

Appointed to that committee were Solomon (chairman), James Knowles (SDP, Clarence Town), J Henry Bostwick (FNDM, Montagu), Sinclair Outten (PLP, St Barnabas), Frank Edgecombe (PLP, Fox Hill), J Russell Ford (PLP, Mayaguana), David Knowles (PLP, Salem).

In his address on the topic, FNDM leader Mr Bostwick hit out at "the inertia, the lack of care and concern" demonstrated by Government. "We live these problems every day. We see desperation in the faces of the people; we see hunger; we see crime; the disease of unemployment is catastrophic."

Mr Bostwick said there are places where he hesitates to go for fear of giving the appearance that he is doing all right while there are others who are not doing well at all.

"I am literally scared because we have failed to pay attention to the wants and needs of the people of this nation," Mr Bostwick said.

The people of this country, he said, were indoctrinated into believing that they don't have to sweat and toil to make it.

And, in setting itself up as the big brother capable of handling everything for those who can't handle it for themselves, the Government has succeeded in planting the seed of Communism in this country, Mr Bostwick said.

"I know they have got to be scared with what they see on the horizon," Mr Bostwick said. "By their sins of omission they have created the monster which haunts them. I say to this Government that they have created the monster by failing to make adequate use of the inherent talents of the Bahamian people by providing them with the opportunity and will to be an independent people."

In reply, Deputy Prime Minister Arthur Hanna recalled that the Government some time ago said that its first priority is to tackle the unemployment problem in the country. Since that time, Mr Hanna said, great strides have been made.

The problem of unemployment, Mr Hanna said, has gripped the world over the last few years and the Bahamas has suffered as a result.

"We have our plans and we feel our plans will succeed in combating the unemployment problem," Mr Hanna said.

Sizable sums, he said, have been committed to alleviate poverty and suffering until the Government can come to grips with the unemployment problem.

Prime Minister Lynden Pindling, Mr Hanna said, was quite right in his assessment that the Government sought to provide full employment by this year.

"I don't think he is too far off," Mr Hanna said. "We are now on the brink of a break through on this massive human problem ... there is no higher priority than the problem of human suffering. That is why the Government has determined that hence and forever, no Bahamian shall ever starve and those of us who have and want more must wait that those of us who have none could get some."

"Today, I think it is true to say that if there is any Bahamian who is unemployed and can't eat, they have a right to the basic requirements of life and the whole system of government has been geared towards this end."

The Bahamas, he said, has weathered the problem of unemployment and inflation better than any other country in this part of the hemisphere.

"Last year I was able to say that our reserves reached an all time high," Mr Hanna said.

"We have weathered the storm and our finances are sound."

He invited the Opposition forces to join with the Government in trying to solve the problem of unemployment.

"We all have ideas how to do it," he said. "Why don't we all pool our ideas."

## BAHAMAS

### BRIEFS

HAITIAN REFUGEES ARRESTED--Thirty-six Haitians were arrested from their small, unseaworthy boat which was apprehended north of Highbourne Cay, Exuma, by the Bahamas Defence Force Tuesday. The Haitians, several of whom are women, were brought to Nassau yesterday by the patrol craft HMBS Abaco, which was under the command of Senior Lieutenant Edwin Munroe. According to the Ministry of Defence "the boat was in an unseaworthy condition, with no water or food." The Haitians told authorities they were on their way to Nassau at the time of arrest. Up to press time it was unclear as to where they would be held prisoner. More than 90 Haitians only recently were deported after spending almost three months at the make-shift Athol Island prison. Reason: no room at Her Majesty's Prison, Fox Hill.  
[Text] [Nassau THE TRIBUNE in English 25 Sep 80 p 1]

CSO: 3020

NEWLY ELECTED FIESP PRESIDENT SPEAKS OF REFORMS

Rio de Janeiro MANCHETE in Portuguese 20 Sep 80 pp 18-21

[Article by Salomao Schvartzman and Durval Ferreira: "Luis Eulalio Vidigal, Captain of Captains"]

[Text] The news spread like fire on a windy day: Luis Eulalio Bueno Vidigal Filho won in the two elections which made him the new president of the Sao Paulo State Federation of Industries [FIESP], an election which focused the attention, not only of the press of the entire country on the new headquarters of the FIESP on Avenida Paulista in Sao Paulo, but also that of public opinion itself, which became engrossed with the challenge of the 41-year-old Luis Eulalio, who defeated the venerated and tireless Theobaldo de Nigris, sixth president of the organization, who had been in power for 14 years.

Perhaps because he was born a few months before the outbreak of World War II, Luis Eulalio was affected by the consequences of the conflict, and while still very young, heard the political discussions of his grandfather, Gastao Vidigal, thus beginning his apprenticeship and becoming a competitor in everything he undertook.

In one of the times that I met Luis Eulalio, when his name was already being mentioned as a candidate for the post, he was resigning from the presidency of the National Automotive Components Industry Union (SINDIPECAS), he looked me well in the eye and called me by name in Hebrew, something he always does when he sees me and he dropped the bomb: "You do not believe me either, right?"

I did not lie. I told him that I was a friend of Theobaldo, although not a voter, but that only he, Luis Eulalio, had the chance of making the elections have a surprising outcome. And it took place. Whoever watched the counting of the votes in the second balloting when the margin of victory of the young Eulalio was greater, can never forget the explosion of joy of his campaign comrades, a picture of which was carried by all the newspapers. The emotional impact was so great that President Joao Figueiredo, this week in Sao Paulo, commented on the historic

photograph to Luis Eulalio: "You know," said the president of the republic, "it looked as if you were celebrating a goal by Flamengo, making the fans in Maracana Stadium explode."

I went with reporter Durval Ferreira to Beira-Rio in Porto Felix, two hours from Sao Paulo, where Luis Eulalio was resting that Sunday after the stress of 2 years of hard campaigning. I found him weighing 10 kilos more, the result of the tensions of recent months. Surrounded by his wife Ligia his son Luis Eulalio Neto, 16 years-of-age, daughter Silvia, five, and the baby, Luis Fernando, only 2-years-of-age, the new leader of the powerful Sao Paulo industries knows that his task will not be limited to simply applauding the official actions of Brasilia. He will sit at the table of the National Monetary Council as a member who brings with him a political force he does not deny and which comes from being the president of the most powerful industrial organization of the country. "You know, Shloime, things are going to be very hard at the end of a very difficult year. I know I have the obligation to be the spokesman for a new spirit of the Sao Paulo industry, which does not fear tomorrow because it trusts in the president of the republic today. Moreover, I have the certainty that from now on I shall never be left out of the great national decisions." Salomao Schwartzman.

"Basically, my election has the significance of a complete change in the union election system and without any pretensions of any type I would even say that this will be so not only in Sao Paulo but in the entire country," begins Luis Eulalio Bueno Vidigal Filho. He speaks without hesitation, with the conviction of those who know that their words truly express what they think. He explains further: "In Sao Paulo, particularly, there was the myth that Nadir Figueiredo was unbeatable in an organization representative of the industrial businessmen such as the FIESP. Myths such as that existed and still exist in other states. We here in Sao Paulo decided to confront them. That is why I say that elections in Sao Paulo served for the entire country.

"

In Rio there was a renewal such as ours, with Atilio Joao Donato confronting a machine of the type that was installed among us. And he was inspired by our work, he tells me, renewing his personnel and averting a confrontation between the existing situation and the opposition, since the proponents of the former concluded by not even presenting a slate." Luis Eulalio then points out that the change which took place will certainly not mean only the changing of persons but a change in the system of work, a more up to date action. Obviously the work he will face in order to put his ideas into practice will demand a great effort, if we consider the gigantic size of the FIESP. As a higher echelon organization it enfoldes 108 union organizations and it administers SESI [Industrial Social Service] and SENAI [National Industrial Apprenticeship Service], as well as the National Industry

Center, making up an administrative conglomerate with a budget of nearly 40 billion cruzeiros. Seeking a more precise way of measuring it, Luis Eulalio calls attention to the size of the budget which is greater than that of 17 Brazilian states. "What we actually intend to do is to reinvigorate those agencies and not just make them younger. But we shall do it with caution. I have some ideas for SENAI, for example, related to its professional training courses, which I shall impose, obviously after accurate studies, with the same thing happening with respect to SESI, which operates more in the welfare sector."

Now, appearing with a young and dynamic leadership which managed to obtain popular acceptance, it is natural to ask about the political future of this other Lula, the Lula of management. But he cuts the subject short, although he leaves room for possible future activities: "Although I will not say that I shall not drink of this water, I do not intend to have a political career. I would like for other young leaders to appear with the willingness to assume the positions and vacancies that await them. They will have all the support of our group, even for political posts. It would be a support based on prestige and to give strength to new leaderships." However, speaking of his administration to be sworn in soon, he says without hesitation: "At first I believe our relationship with the government is going to change," he says. Change, how? He speaks lengthily about details "I particularly want to participate before any event takes place. If I cannot participate, I would prefer to be quiet. I am not in the habit of crying over spilt milk. It is of no use to argue about something that has already taken place. I therefore advocate participation before any decision is made, since it is a function of the central government whether it is the executive or the legislative branch." Luis Eulalio goes even further in the intended relationship between the FIESEP, the government and technocrats. He acknowledges that FIESEP will have great political power henceforth; nonpartisan political power. And he intends to use that arsenal. How? He answers, always without hesitation: "The best word I can find is 'lobby.' I believe it is legitimate for us to use a lobby in the defense of business interests, particularly of small and medium businesses, the most unprotected. But that lobby will operate in the open and not in offices or behind the scenes. The FIESP also worked behind the scenes. We shall operate the lobby in the glare of spotlights, in the center of the stage. The public shall always know what we are doing and how we are doing it. We shall use all communications media and channels offered to us to strengthen industry. It shall be another change in the FIESP, depending on the power I have." After that statement, there followed the question as to how he views the problems of small and medium businesses. Emphasizing his words to give them more conviction, he said: "Their problems are subordinated to conditions of competition and bureaucratic obstacles to such a point that they suffer more from them than big business; this without taking high interest rates and difficulty in obtaining capital into account. And this is caused

by one conditioning characteristic: since the small businessman does practically everything in his company, he cannot give himself the luxury of having specialists to help him clear his area so that his game can be swifter."

Luis Eulalio is actually a youth who assumes leadership of FIESP with defined and very clear ideas on everything that directly or indirectly affects businessmen. With respect to salaries, he believes that there is no need for specific legislation for those who make salaries over 30 minimum wage units. They would be ruled by the laws of the market. With respect to wage controls, he favors lessening the gap which separates the lowest and higher levels. He declares he has suggestions to make to the government in the areas of exports--he acquired much experience through activities in the field in trade missions abroad in the company of Presidents Geisel and Figueiredo--loans and even the reform of the CLT [Consolidated Labor Laws], where he believes the idea on representation in the system of elections for federations and confederations should be changed. "Elections should be direct in the unions and proportionate in federations and confederations. The number of employees in each area shall decide that representation. In sports, there are examples in which this is being done. The Tennis Confederation conditions the representation of its members according to the number of tennis courts in each state." With respect to the multinational companies, he believes that they only need specific legislation to rule their actions in the country. "There is unfavorable talk about the multinationals, but the truth is that they do what the law allows. Foreign capital is beneficial provided it is watched and priority is frankly and openly given to national capital." He believes in a future alliance among Brazil, Argentina, Mexico and China, joining Brazilian raw materials and development, Mexican petroleum and technology, Argentine engineering and food and the capacity for consumption of the Chinese.

Inevitably Luis Eulalio is led to speaking about Lula, the metal workers union chief and now political leader. "I always defined and practiced direct negotiations. The best way of solving problems is through dialog, the only way to find conciliation between naturally antagonistic positions. To negotiate does not mean surrender. Negotiations are accomplished, maintaining firm and even hard points of view and positions, without that meaning capitulation by one side or the other. An agreement means that both sides gave in. Any other way means an imposition.

"Within that framework I believe that Lula is a great union leader with an amazing capacity for organization. But he did not know how to negotiate and as a politician he will not be what he was as a union leader."

BRAZIL

VICE PRESIDENT INTERVIEWED ON POLITICAL SITUATION

Rio de Janeiro MANCHETE in Portuguese 20 Sep 80 pp 36-37

[Interview with Vice President Aureliano Chaves by Haroldo Hollanda of MANCHETE; place and date not given]

[Text] The vice president of the republic, Aureliano Chaves, declared that the position of rejection of terrorism assumed by President Joao Figueiredo guarantees the process of democratization. He felt that the entire nation supports the position of the president. Aureliano Chaves believes that a dialog between the government and the opposition is not a weakness by the one proposing it but an objective for improving the democratic regime. He believes that the 1982 elections will test the present party framework.

At the same time that he advocates pluralist representation, he condemns the legalization of the Communist Party as long as that party remains "dogmatically totalitarian." Aureliano Chaves does not see a solution for Brazil in a parliamentary system, although he acknowledges that it does well in many countries.

[Question] Are the recent terrorist attacks aimed at making democratization unfeasible?

[Answer] The terrorist attacks, besides their characteristic of brutality, claiming innocent victims, are aimed at destroying the structure of society, always attacking constituted authority in particular. They deserve the rejection of all and the firm determination of the authorities to suppress them. President Joao Figueiredo, at the same time that he vehemently condemns terrorist activities and orders measures to curb them, reaffirms his irrevocable determination to carry out his project of a political opening. We are seeing that the nation as a whole supports him.

[Question] How can interests be compatibilized and a government of national unity achieved?

[Answer] I made no proposal or suggestions with a view toward national unity. This is beyond my purview. I am not a political spokesman for the government. I only sought to comment on the praiseworthy action of President Joao Figueiredo, who stretched out his hand to all Brazilians. An extended hand is a gesture of conciliation. The symbolism of that gesture was not unaccompanied. He added several government actions, among them amnesty, showing in a very clear way the desire to avoid radical positions which do not help the process of improving our political institutions, and seeking a lasting democracy. Thus, what I tried to emphasize was that initiatives seeking conciliation should not be interpreted as weakness of the one proposing them nor capitulation by those accepting them, nor the abdication of positions by each of them. They should be viewed as an understanding that it is possible to find point of convergence in the greater interest of the country and the democratic system.

[Question] Do you believe the present party framework is liable to changes as of the 1982 elections?

[Answer] In a society such as the Brazilian, which is subject to many changes, it is very difficult to make assertions such as "This is final," and "This will not change." What is important is to consider the fact that Brazilian society is a plural society. As such its political representation has to be pluralistic. With respect to many parties, I believe that they should remain. Now, with respect to the various compositions of the Brazilian multiparty system, it is natural that there be changes even because it is at the polls that political affinities consolidate or break. The 1982 elections are the first electoral tests for the present multiparty system of Brazil. I do not believe that there is a willingness on the part of the Brazilian people or their representatives to return to the two-party system.

[Question] Do you believe that the legal functioning of the Communist Party should be allowed?

[Answer] When the Communist Party assumes power it is discriminatory. It does not allow the existence of any other political organization as a choice. As long as the Communist Party remains dogmatically totalitarian I do not believe that democratic societies should allow its free operation.

[Question] Do you favor the convocation of a constituent assembly?

[Answer] I have not yet been convinced that the convocation of a constituent assembly is the best path to political normalization. On the contrary, it could really be the suitable climate for arousing emotions. There is a clear, undeniable determination by the government to obtain democratic normalcy. This can be done without a constituent assembly which always brings with it the idea of a break between a certain constitutional structure that is dying and another which is being born. In our view this does not fit within the present Brazilian reality in which there is the willingness by a victorious revolution to adjust itself gradually to new times in perfect synchronization with its own democratic inspirations.

[Question] Could the seriousness of the economic crisis lead to a political regression?

[Answer] At this moment I do not see the right climate for that, although it is not my custom to be a soothsayer. I do believe that everyone, men of the government and of the opposition, the leaders who represent our society, should make an effort together aimed at using an open debate, which democratic life encourages for all, to seek proper solutions for our present difficulties, which although great are fleeting and can be surmounted. At this time we should all get rid of the dangerous idea that economic and social crises lead to standby governments.

[Question] Do you believe that Brazilian political development will allow our people to practice the parliamentary system?

[Answer] I have a great respect for the representative figures of parliamentarianism in Brazil since the time of their founders such as that of Gaspar Silveira Martins and Assis Brasil and up to the sane, respected and singular personality of Raul Pilla. I am not, however, convinced that in the present stage of Brazilian society the most suitable solution would be the implantation of the parliamentary system. I believe, however, that discussion on the subject is useful.

[Question] Do you believe that the mixed district vote could contribute to the improvement of our political customs?

[Answer] The adoption of the mixed district vote should be preceded by a broad and consistent debate. It is not an unquestioned matter. Therefore, anything that seeks a greater stability for the democratic life of the country should be examined carefully. As far as I am concerned, I have not yet taken a position with respect to the subject.

[Question] Should or should not a legislator have full legislative immunity guaranteed in the performance of his duties?

[Answer] Legislative inviolability is inherent in the exercise of the people's representation. What appears to be important is that this inviolability does not become immunity which makes the legislator immune while committing excesses during his term of office.

8908

CSO: 3001

POLLS SHOW PEOPLE SUPPORT FIGUEIREDO AGAINST TERRORISM

Rio de Janeiro MANCHETE in Portuguese 13 Sep 80 pp 11-13

[Article by Murilo Melo Filho: "What the People Think of Terrorist Attacks and the Political Opening"]

[Text] If the objective of the terrorist who placed bombs at the OAB [Brazilian Bar Association] and the Chamber of Councilmen was to destabilize the government, they obtained the exactly opposite result: they strengthened the position of President Figueiredo, around whom all the political forces of the country, including the opposition, have rallied, and there is the overwhelming support of public opinion, according to the results of a popular survey made last weekend by LPN-Burke at the request of MANCHETE and which in short was aimed at learning what the people were thinking of terrorist attacks and the political opening.

It is true that the survey was made under the emotional impact of the Uberlandia speech in which the president of the republic dramatically offered himself as the target of terrorist attacks, attacks which he called "criminal" and which in his opinion should avoid the sacrifice of innocent people.

The presidential speech led the principal opposition leaders to generalized applause. Senator Tancredo Neves, national president of the Popular Party went as far as to consider it the most important speech made up to now by President Figueiredo, who he believes deserves the solidarity of the entire nation at this time in which terrorism is the common enemy.

It was in that climate that 81 percent of the persons surveyed said that the president should continue with his hand outstretched within his policy of conciliation, while 19 percent said that he should withdraw his hand.

The ratio also indicates that the Brazilian people, conciliatory by nature, condemn radicalism of any nature, preferring to support a policy of national unity. The opposition leaders themselves, after remaining in an inflexible position with respect to the conciliatory appeals by the president of the republic, now show themselves to be much more understanding in view of the serious situation being faced by the country. There have already been preliminary contacts during a dinner held by Senator Jose Sarney, which was attended by Senators Jarbas Passarinho, Luiz Vianna Filho and Minister Ibrahim Abi-Ackel on the government side, and by Senators Paulo Brossard and Tancredo Neves as representatives of the opposition.

Forty nine percent believed that the process of political opening is still insufficient, while 16 percent believed it to be too much and 35 percent believed it to be enough. This ratio shows that public opinion expects new official initiatives that will intensify the process of democratization.

In the previous question, 57 percent were in favor of that opening while 32 percent were not and 11 percent simply did not answer. After 16 years of standby governments, the process of democratization has simply become irreversible. Even after the terrorist attacks, repeated statements by the president of the republic and his leaders leave not the slightest doubt as to that determination of taking it to its final consequences.

Still within the framework of a political opening, 86 percent of those interviewed showed they were in favor of direct elections for governor, elections which the government intends to reinstitute in October 1982 through a constitutional amendment already sent to Congress, even at the risk of being defeated in important states such as Sao Paulo, Rio Grande do Sul, Parana, Minas Gerais and Rio de Janeiro, where the opposition shows itself to be strong and in the majority. Only 11 percent showed themselves to be against the direct process for electing governors and 3 percent did not answer.

Almost the same proportion (80 percent) favor direct elections for president of the republic, something the government wants done indirectly through the Electoral College, whose majority should obey its orders in selecting the successor to President Figueiredo in 1985.

That great majority shows that public opinion is anxious to return to the polls so that by means of direct vote they can freely elect their government leaders at the state and federal levels. In the states, Planalto Palace intends to heed that popular desire by returning the right to elect their governors directly to the people. However, on a national level, Planalto Palace is ready to maintain the indirect process, even if it is contrary to the opinion of the 80 percent surveyed.

In the economic area, 31 percent of those polled believe that the main cause of the rise in living costs is government incompetence, while 29 percent blamed the economic model, a total of 60 percent who blame the reasons for inflation on internal factors which depend on our will. Twenty-nine percent blamed that inflation on the external factor of increases in petroleum prices, which does not depend on our will, while only 7 percent said that it was caused by incompetence of businessmen and 4 percent did not answer.

In the chapter on terrorist attacks as such, there was a very clear doubt as to their origins. Questioned on whether the recent attacks were made by the right, the left or others, 23 percent blamed them on the right and 24 percent on the left, which in a way contradicts the general impression that the present Brazilian terror is of clearly rightist origins. Thirty-three percent blamed it on other sources, while 3 percent were unaware of the attacks and 17 percent did not answer.

The following question was whether the objective of those attacks was to put an end to the political opening or whether there was some other objective: 34 percent answered that the objective was to put an end to the opening, while 46 percent answered that the objective was another. Of that 46 percent, one-fourth--11.5 percent--answered that the goal was the overthrow of the present government.

Offering one more proof of confidence in official measures for finding those guilty of the attacks, 61 percent said that they sincerely believe in them and 39 percent said they do not believe in them.

Questioned on the reasons for those attacks, 48 percent answered that it is because there is a group dissatisfied with the policy of the government, while 30 percent blamed them on the existence of groups unsatisfied with the economic direction of the country. It is seen that a total rate of 78 percent are not satisfied with either government policy or economics since it was dissatisfaction against both which is blamed for the attacks. Twenty-two percent said that those responsible were simply criminals without any political purpose in their actions.

The Military Police are completely discredited in the eyes of public opinion as the force most indicated to suppress the attacks. Only 7 percent of those surveyed expressed opinions in their favor, while 19 percent indicated the Federal Police, already officially appointed by the government to investigate the attacks on the OAB and the Municipal Council. The great majority (42 percent) believed that the armed forces should be in charge of suppressing them--the army should be placed in the streets to fight them--while 21 percent said that repression should be carried out by all the police together and 11 percent sceptically indicated that none of them should be activated.

Forty-eight hours after the attacks of the OAB headquarters and the Chamber of Councilmen, the magazine MANCHETE contracted the LPM-Burke Surveys and Research Company to make a survey of public opinion on those acts of terrorism. Six hundred persons over 18 years-of-age of both sexes and of all social classes were polled in the Rio-Sao Paulo axis. They were polled during the past weekend. Armed with a questionnaire previously approved by our editorial staff, LPM researchers made the survey of popular opinion. The results follow:

1. Were the recent terrorist attacks made by the right, left or others?

Right: 23 percent  
Left: 24 percent  
Others: 33 percent  
Unaware of the attacks: 3 percent  
No answer: 17 percent

2. Is the objective of those attacks to put an end to the political opening or do they have another objective?

Aimed at political opening: 54 percent  
Other objectives: 46 percent

3. Do you believe the government is sincerely interested in discovering those guilty for those attacks?

Yes: 61 percent  
No : 39 percent

4. You believe that the reason for those attacks is because there is:

A group dissatisfied with the policy of the government: 48 percent  
A group dissatisfied with the economy of the country: 30 percent  
A group of criminals: 22 percent

5. In view of recent attacks, President Figueiredo declared he will maintain a policy of an extended hand for national conciliation. Do you believe that President Figueiredo should continue with his hand extended or should he desist from that conciliation policy?

He should continue with an extended hand: 81 percent  
He should desist from a conciliation policy: 19 percent

6. Do you believe that the following should be activated to suppress terrorist attacks?

Military Police: 7 percent  
Federal Police: 19 percent  
Armed Forces: 42 percent  
All police jointly: 21 percent  
None of them: 11 percent

7. Do you favor the political opening as it is being carried out by the Figueiredo administration?

No: 32 percent  
Yes: 57 percent  
No answer: 11 percent

8. The political opening process of President Figueiredo is:

Sufficient: 35 percent  
Too much: 16 percent  
Not enough: 49 percent

9. The main cause for the rise in cost of living is:

Petroleum: 29 percent  
Government incompetence: 31 percent  
Businessmen's incompetence: 7 percent

10. Elections for governor should be:

Direct: 86 percent  
Indirect: 11 percent  
No answer: 3 percent

11. Elections for president of the republic should be:

Direct: 80 percent  
Indirect: 18 percent  
No answer: 2 percent

8908

CSO: 3001

## BRAZIL

### POLL SHOWS SCEPTICISM ON PROMISED INFLATION DROP

Rio de Janeiro MANCHETE in Portuguese 20 Sep 80 pp 130-133

[Article by Murilo Melo Filho: "What The Brazilian Thinks of Inflation and Wages"]

[Text] The most surprising and impressive result of this public survey was the popular scepticism about government promises that inflation is going to decline by the end of this year. While those promises guarantee that rates will fall from the present 106 percent to about 80 percent by 31 December this year, 91 percent of the people questioned believe that is impossible and only eight percent believe it can happen. Also significant was the predominance of those who prefer a shock treatment instead of the gradual measures which up to now have been put into effect in the fight against the rising cost of living. Sixty-three percent said that stricter measures should be adopted and 32 percent believe that inflation should be fought little by little, as is being done up to now.

Six hundred thirteen persons over 18 years-of-age of both sexes were surveyed this weekend in the Rio-Sao Paulo axis by LPM-Burke Surveys and Research on the two main problems which today interest millions of Brazilians: inflation and wages. Their replies are as follows:

1. Do you believe that inflation is going to decline by the end of the year?

Believes: 8 percent  
Do not believe: 91 percent  
No answer: One percent

2. Do you believe that inflation should be fought with stricter methods or little by little as is being done?

Stricter methods: 63 percent  
Little by little: 5 percent  
No answer: 4 percent

3. Does the policy of semiyearly wage increases contribute to inflation?

Yes: 58 percent

No: 38 percent

No answer: 4 percent

4. Should the present wage policy of semiyearly increases be maintained or reformulated?

It should be maintained: 40 percent

It should be reformulated: 57 percent

No answer: 3 percent

5. Do you believe that the government should continue with its program of great projects such as that of the Itaipu Hydroelectric Project, for example, during this phase of the struggle against inflation, or should it desist temporarily from these great projects?

It should continue: 58 percent

It should desist: 37 percent

No answer: 5 percent

6. What is the main reason for the rise in price of products?

The price of petroleum: 30 percent

Actions by middlemen: 12 percent

Incompetence of government agencies: 28 percent

The multinational companies: 8 percent

Payment of the foreign debt: 17 percent

No answer: 5 percent

7. Do you believe that distribution of food should be controlled by the government to reduce the rise in prices?

Yes: 71 percent

No: 26 percent

No answer: 3 percent

8. What aspect of inflation affects you most?

Housing: 13 percent

Food: 43 percent

Transportation: 4 percent

Education and health: 13 percent

All aspects: 26 percent

None: 1 percent

9. What class suffers most from inflation?

Workers: 69 percent  
Middle class: 21 percent  
The rich: 0 percent  
All classes: 9 percent  
No answer: 1 percent

10. Do you believe that monetary correction should or should not end?

It should end: 40 percent  
It should not end: 52 percent  
No answer: 8 percent

11. Do you or do you not believe that the economic crisis may affect the political opening?

Yes: 60 percent  
No: 31 percent  
No answer: 9 percent

12. Are you against or for family planning?

In favor: 78 percent  
Against: 19 percent  
No answer: 3 percent

13. Do you believe that a reduction in the number of children born can contribute to improving the distribution of income?

Yes: 74 percent  
No: 25 percent  
No answer: 1 percent

The majority have an opinion contrary to that of the government in these two answers: first, expressing their disbelief in the presidential optimism with respect to a decline in the rates of inflation by the end of the year, and second, when they express themselves in favor of adopting a more strict action against inflation and not as is being done up to now with gradual measures. In a certain way, the two answers have consistency: precisely because actions are not adequate, public opinion disbelieves in a drop in inflation rates by the end of the year.

In the area of wages, 58 percent believe that the policy of semiyearly increases contributes to increasing inflation, while 38 percent believe that it does not. Consistently, 57 percent also believe that the policy should be reformulated, while 40 percent believe it should be

maintained. These replies were very important and timely because it is precisely at this time that Minister Murilo Macedo is concluding the studies with Minister Delfim Netto, which will be examined by President Figueiredo for the reformulation of the present wage policy.

Expressing an opinion on any policy of recession or deflation, 58 percent answered that the government should continue with its program of large projects such as the Itaipu hydroelectric project, while 37 percent said the government should stop them. With this answer, the majority of people surveyed supported the present government policy in favor of maintaining the present rate of projects.

The price of petroleum was indicated by 30 percent of those surveyed as the main cause of the present rise in the price of products, while 28 percent attributed it to incompetence of government agencies, 17 percent to commitments on the foreign debt, 12 percent to activities of middlemen and 8 percent to activities by multinational companies.

It is seen there that public opinion is divided almost equally on the origins of the present Brazilian inflation: half believe that it is due to external factors and the other half to domestic reasons.

Supporting greater government intervention in the sale of basic articles, 71 percent believe that distribution of food should be controlled by the government as a measure to reduce the rise in prices, while 26 percent believe that such distribution should not be controlled by the government.

Food appears next as the item most affected by inflation with 43 of the answers, while 13 percent said that it was housing and another 13 percent said it was education and health. Only 4 percent said it was transportation, but 26 percent said that all items were affected by the inflationary spiral.

Although the people surveyed belong indiscriminately to all social classes, the number who believe that workers were the class most affected by inflation (69 percent) predominated, against 21 percent who thought it was the middle class. No one said it was the rich and 9 percent believed that all classes suffer as a result of the rise in the cost of living.

By these answers, the majority of the persons surveyed meant to say that the wealthier class is practically not affected by inflation because it compensates for its effects with other advantages, while the workers suffer its effects more directly.

Favoring the maintenance of the present financial policy in the question having to do with monetary correction, 52 percent said that it should not be abolished against 40 percent who said it should be.

Sixty percent of the people surveyed were fearful that the present process of political opening could be affected by the economic crisis, while 31 percent believe that one thing has no effect on the other.

Another figure, which in a certain way is surprising, was the one having to do with the overwhelming favorable opinion on family planning (78 percent), while only 19 percent were against it. Next, also consistently, 74 percent said that fewer births can contribute to improving distribution of income, while 25 percent did not. Both answers should strengthen the position of the present government, which favors family planning.

8908

CSO: 3001

TAVARES TO REMAIN AS SECOND ARMY COMMANDER; INTERVIEW

'Liberalization Is Untouchable'

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 Aug 80 p 15

[Text] While waiting for President Figueiredo at Congonhas Airport yesterday, Gen Milton Tavares, commander of the 2d Army, asserted that "liberalization is untouchable," and that he will not be leaving Sao Paulo. "The communists," said the general, "would like that, but I am not leaving."

Tavares made reference to liberalization in answer to a question about the criminal assaults that took place in Rio de Janeiro and the other reply was in regard to rumors that he would be leaving the 2d Army command.

In a meeting with the press, the general spoke about the source of the assaults: "As I have said, terrorism of the right is exactly the same as terrorism of the left. It is a bunch of lunatics that are incapable of associating with others democratically, because what was done was so stupid, so idiotic, that there is simply no explanation." Tavares asserted further that the assaults had the intention of creating a climate of agitation.

The 2d Army commander said he was not a "clairvoyant" when asked whether all the recent assaults--those in Rio de Janeiro and the series of assaults on newstands--were related to each other. When one of the reporters persisted, Tavares replied: "I am not a clairvoyant; I am not going to answer you."

Shortly after these statements, President Figueiredo, accompanied by six cabinet ministers--including Justice Minister Abi-Ackel--landed in Sao Paulo 20 minutes ahead of schedule for a 4-hour visit to the city.

After being received by the governor of the state, by the 2d Army commander, other authorities and PDS [Social Democratic Party] deputies, Figueiredo went to the residence of Milton Tavares for "a personal visit of old friends," as explained later by Mass Media Minister Said Farhat.

From the home of Milton Tavares, the president went to the Santo Amaro Riding Club, but not all the cabinet ministers went with him.

## Condemns 'Any Terrorist Act'

Rio de Janeiro O GLOBO in Portuguese 26 Aug 80 p 6

[Interview with Gen Milton Tavares, commander of the 2d Army, in Sao Paulo on 25 August: "General: Brazilians Support Redemocratization"; names of correspondents not given]

[Text] Sao Paulo--The commander of the 2d Army, Gen Milton Tavares de Souza, said yesterday he hopes "the despairing, the Cassandras and those who predict calamity will not hinder Brazil in its permanent national objective of living democratically."

"Let me repeat that President Figueiredo is determined about redemocratization, as he always was," added the general, "and that all Brazilians of good will stand with him."

These statements were made in an interview after the ceremonies to observe Soldier's Day at general headquarters, interrupted for a few moments when Gen Milton Tavares de Souza collapsed as a result of sunstroke, as diagnosed by Adib Jatene, physician and state health secretary, who was present at the ceremony. In a short while, however, the 2d Army commander recovered and returned to preside over the ceremony.

### The Interview

The interview with the 2d Army commander follows:

JOVEM PAN: General, you weren't feeling well during the ceremony. Are you better; are you feeling good?

[Tavares] Thank the Lord, yes. Something new happened to me today. After 46 years in the service, for the first time a mild case of sunstroke got the better of me. I had a slight sunstroke, but as I am of the infantry and the infantryman must suffer, in a short time I was in good shape.

TV Bandeirantes: The Army minister's order of the day called for unity in the armed forces against the perennially dissatisfied. Who are they?

[Tavares] Mainly those who belong to the international communist movement, the demagogues, the self-seeking, the evil Brazilians.

TV Globo: General, the PMDB [Brazilian Democratic Mobilization Party] and many opposition deputies want a constituent assembly in Brazil. What does the Army think of this? Would it be a solution for the nation's problems?

[Tavares] That is a question of a political nature, which I should like you to excuse me from answering.

Radio Bandeirantes: General, what do you think of the Brasilia perquisite?

[Tavares] Look, "perquisite" has become a bad word. It has been used a lot to undermine authority. We of the Army can speak with authority and, if you wish, I can show you right now the receipts for everything I pay out of my own pocket. I pay for my house, food, everything. Telephone, light, water--everything you pay for. I pay for the house in which I live, even though it belongs to the Army.

O GLOBO: General, could you say something about the recent assaults, mainly on newstands, that have not yet been solved?

[Tavares] I vehemently condemn any terrorist act. I think the world is in need of peace and harmony. Brazil's sons must be united. There is terrorism of the left and terrorism of the right. All of them are very reprehensible, because they are the same thing. All of them reveal the existence of a class of people not psychologically capable of living democratically.

FOLHA DE SAO PAULO: The attorney on the Dallari case is asking for release of the pictures of the DOI [Department of Domestic Operations]-COOI [Internal Defense Operations Center] agents. Do you intend to release such pictures?

[Tavares] I'm glad you brought up the Dallari case. I have neither the pleasure nor the displeasure--I don't know which one it would be--of knowing Mr. Dallari personally. I recognize the name. When the assault occurred--and you gentlemen should be recording this--my reaction was that it was a regrettable and not very intelligent way of opposing someone. There is an investigation underway which has not ended but which will certainly reach some conclusion. So anything said now would be premature. But there is an interesting aspect to be observed in all this. First of all, from childhood, when we read Sherlock Holmes we learn to ask a question: "Whom does the crime benefit; who gets some advantage from the crime? Who is profiting from the crime? Clearly, gentlemen, it was not the government. It certainly was not the Army. It is the left that is benefiting from this crime. Why are the leftists concerned more about Dallari's arrest and less about the assault of which he was a victim? Could it not be that this is an act of disinformation? Is this reasoning warranted? I'm not saying this is the case; I'm only asking. I am not accusing the left of being the author of this assault; but I am accusing it of being the only beneficiary of the deed. They are already talking about Dalmir Dallari for senator. Couldn't this have been staged?

Regarding the request for pictures of the DOI agents, please refer to it simply as the DOI, because DOI-COOI is an absurdity. It is simply the DOI--Operations and Intelligence Detachment. Beyond being almost an anecdotal case, what kind of fool would give out the pictures of his agents for

all the world to see? They might just as well wear a lapel badge reading "secret agent." I am sure that if I sent over pictures of 20 Chinese, 4 would be "recognized," if I sent them the pictures of 20 persons they never saw, 4 would be "recognized," because the purpose is not to solve the Dallari case. The purpose is to attack the security agencies, since what is hindering the activity of the international communist movement in Brazil is the armed forces, particularly through their security agencies.

Radio Capital: General, much has been said recently about joint operations by the military forces of the Southern Cone against elements considered to be leftists. There is even evidence that Argentina participated in the latest coup in Bolivia.

[Tavares] You are making an assertion against which I have no contrary evidence. I have not thought about this. I have thought about neither the possibility nor the statement. The international communist movement, in its very name, is international and acts in alliance. Cuba sent troops to Africa; it sent troops and technical personnel to Nicaragua. Russia sends troops and technical personnel anywhere it wishes. Would it be terribly criminal if the other side behaved the same way? I have no knowledge of any treaty, in particular that Brazil has taken part in any joint action with another country, and I imagine I would know if it had. Maybe the left has a great fear of this happening. And when the left has a fear of something, it begins to publicize it as a consummated fact. The left fears a restriction [of freedom]. So it frightens everyone all the time with [talk about] restriction. A restriction that no one intends to impose in Brazil, because it doesn't enter anyone's mind, except for those lunatics of the right and those who want chaos and disorder.

O ESTADO DE SAO PAULO: What do you think of the QUATRO RODAS scandal?

[Tavares] I am not an economist. I have no real or positive facts at hand. I only wish to remind you that a rumor is one thing, the truth is another. Many things are presented as very serious fact when in reality they are not.

Radio Gazeta: General, do you think the recent assaults could be the development of a nazi movement south of the Equator?

[Tavares] See to what degree, to what power an idea is raised? This is an idea raised to the "nth" power! There is no such thing; nobody has thought of this and no one will. It is impossible to talk about nazism in today's world. Today's world, whether we like it or not, is taking the middle of the road between that greedy capitalism out there and the murderous communism of Stalin.

JOVEM PAN: General, you spoke about "lunatics of the right." Do you also think there should be an effective combat against each and every rightist movement?

[Tavares] Certainly. I believe only in freedom. I believe only in the free man. I believe only in the multiparty system and I think I interpret faithfully what the Army thinks.

DIARIO POPULAR: General, do you believe these assaults could have come from those lunatics of the right?

[Tavares] I will not answer yes or no because I do not have any facts. I never give a yes-or-no answer unless I have a factual basis for answering.

Radio Gazeta: General, a person was arrested during the ceremony today when the medals were being given out. Who is he?

[Tavares] He is an Air Force sergeant, discharged on grounds of insanity, who did not want one of the recipients, Prof Edevaldo Alves da Silva, to be awarded the medal. It isn't Maluf, as you were hoping it would be.

O GLOBO: General, how do you view the communist proposal for a constituent assembly presided over by Joao Figueiredo?

[Tavares] There is something hidden behind every proposal of the communists. What they really want is legalization of the Communist Party. This is the first step. Now, in regard to this legalization, although you have not asked for it, please let me tell you the story of the snake: There was once a very liberal, very democratic, very honest man--a very nice, innocent man who lived in a country where it was snowing. One day he was taking a walk and he came upon a frozen snake. Being very liberal, very democratic, he put the snake in his pocket. As soon as the snake thawed out and came back to life, he bit the man and killed him.

TV Bandeirantes: During the order of the day, the army minister spoke of adverse factors that are blocking the Army's way...

[Tavares] The major factor, if course, is the economic one. We are going through a serious economic and financial period. You all know that inflation is around 100 percent. This makes the Brazilian people discontented because, in practice, it is translated into the cost of living. And a discontented people is subject to dissension and exploitation by subversion and by any demagogue who wants to get elected. Nothing is done today in Brazil without having 1982 in mind. Everyone is out looking for votes. And, therefore, making the most spurious alliances and making big fools of themselves.

Radio Capital: General, you mentioned the economic aspect. I realize you aren't an economist, but do you think Brazil is a long way from having a more equitable income distribution?

[Tavares] My dear young lady, this is Brazil's great problem. When we are able to lower the rate of inflation, when we are able to improve the welfare of the Brazilian people, we will have solved our great problem. Everything

results from that. I don't know whether we have a long way to go or a short way, but with OPEC meeting every 3 months and raising oil prices, it would be hard to foresee where we are going. It is hard to plan. Maybe we have to hope that God really is a Brazilian and that the Amazon region will give us the oil we need.

O GLOBO: General, within this political, social and economic context of Brazil, how do you now view the road toward total and full democratization of our country?

[Tavares] I view it with the greatest happiness, hoping strongly that the despairing and those who predict trouble and those who bring trouble with them do not upset things, because Brazil has a permanent national objective, which is to live democratically. Let me repeat that President Figueiredo is firm in the purpose of redemocratization, as he always has been. And all Brazilians of good will are with him. All the media are broadcasting it about that Gen Antonio Bandeira, Gen Coelho Neto and I were the heads of an operation called "Crystal" which intended to overthrow the president and restrict democracy. This came from the mouth of a deputy named, if memory serves me, Genival Tourinho, whom I do not have the displeasure of knowing. I was a classmate of President Figueiredo. I have been a friend of his for over 50 years. I am here in a position of his absolute trust and to turn against him is the last thing I would do. And I know he would not turn against me. This has a purpose.

The international communist movement must give the people the idea that there is discontent within the armed forces; that there is division within the armed forces; and as General Bandeira, Gen Coelho Neto and I had the bad luck of having to cope with serious strikes, which made the error of slipping from the worker's right to strike to chaos and disorder--it cannot be predicted what would have happened if the ABC [refers to industrial sections of Santo Andre, Sao Bernardo do Campo and Sao Caetano do Sul] strike had been successful--as we had this misfortune, we are now cited as the ogres of the right. I was never a rightist. This medal here (pointing to his chest), the first class combat cross, was won on the field of battle in Italy in the struggle against fascism. This medal here is the medal of the blood of Brazil, for being wounded three times during the war. I could never be a fascist or even a rightist. Nor could General Bandeira or Gen Coelho Neto. So I want to vehemently repudiate this accusation. It is not in keeping with my personality, with my way of thinking and with my past, which is an open book to be examined by anyone anywhere, any time. Likewise, a bunch of lunatics of this so-called pygmy press is accusing us of being behind these newsstand fires. I think I've already said enough about that subject. I am a man who tries to be fair, to be Christian and to do his duty. No action should be taken against defenseless news vendors. If the newspaper is immoral, subversive, it is up to higher authority to prevent the paper or magazine from being printed, and never burn the newsstands of defenseless and poor men who live by the sweat of their brow.

I should like to say this to you and I ask you not to distort my words. I ask that you publish this. I do not have the pleasure of knowing either Genival Tourinho, Deputy Marcos Cunha, or Deputy Conceicao Tavares, who were the three authors of these offenses in the Chamber of Deputies. I consider this an offense against my past. I consider this an offense against my army; I consider this an offense against the Brazilian Army. Our patriotic past should be above such slander and false accusations.

#### The Ceremony

During the Soldier's Day ceremonies dedicated to the Duke of Caxias, Gen Milton Tavares de Souza awarded the Order of Military Merit, with the rank of grand officer, to Governor Paulo Maluf, Mayor Reinaldo de Barros and Gen Jorge Sa Freire Pinho of the 9th Military Region.

When he had finished awarding the insignia authorized by President Joao Figueiredo, 50 minutes after the ceremony began at 1005 hours, the 2d Army commander felt ill and fell over. Supported by Lt Col Armando Moreira, who was narrating the ceremony, and a security guard, General Tavares was placed on the ground about 40 meters from the place where he had lost consciousness. He was also attended by Health Secretary Adib Jatene, one of the guests. Massaged in the area of the heart (the general has already had 2 cardiovascular operations), he recovered in a few minutes. Getting to his feet, he said he insisted upon viewing the parade. Some officers of his general staff tried to dissuade him, but he told them firmly: "Do not argue with me. I want to view the parade." He then went to the reviewing stand and, standing beside Governor Paulo Maluf under a hot sun, he reviewed the parade of massed troops of the Guard Battalion and the Army Police.

The 2d Army commander also awarded prizes to the winners of the Army Week essay contest and the diploma of "Army collaborator emeritus" to 50 persons and entities, among them former Governor Lucas Nogueira Garcez, Delegate Romeu Tuma and physician Harry Shibata. Besides the reading of the order of the day by Army Minister Gen Walter Pires, the Army Hymn was sung, followed by tributes to the patron of the Army, the Duke of Caxias, with a 21-gun salute and a bugle call to the supreme commander.

After the ceremony, General Tavares, accompanied by the governor and other generals, went to his office. Although physician Adib Jatene had at first recommended hospitalization, explaining that the heart massage was only a preventive measure, the 2d Army commander immediately had a blood test.

At 1155 hours Governor Paulo Maluf left the office, followed later by some officers who praised Gen Milton Tavares. When the reporters who were waiting near the office were getting ready to leave the headquarters, they were called by a colonel who told them that General Tavares wanted to give them an interview, warning them, however, that each reporter should ask only one question so as not to tire him.

8834

CSO: 3001

NEW SAUDI ENVOY SAYS HE WILL NOT INTERFERE IN PLO RELATIONS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 9 Aug 80 p 6

[Report on interview with Abdullah Hababi, Saudi Arabian ambassador to Brazil, in Brasilia: "Saudi Will Not Interfere for PLO"; date and name of interviewer not given]

[Text] Brasilia--The new ambassador of Saudi Arabia in Brasilia, Abdullah Hababi, appreciates Brazil's Middle East policy and guarantees he will not interfere in relations between the Brazilian government and the PLO (Palestine Liberation Organization). The Saudi diplomat's attitude is in contrast to that of his predecessor who, together with the other Arab ambassadors accredited in Brasilia, made diplomatic representations to Itamaraty [Foreign Affairs Ministry] for Brazil to agree to installation of a PLO office. Hababi's statement was made in an exclusive interview with O ESTADO DE SAO PAULO.

The Saudi ambassador said: "Installation of the office is a concern of the PLO as well as of the Brazilian government, but it is the policy of Saudi Arabia to support good relations between the PLO and all friendly countries. I can say that the Saudi attitude is clear: what is good for the Palestinians is good for Saudi Arabia. Moreover, we believe Jerusalem is an Arab city that must be reintegrated with the Arabs. We comply with the resolutions made at the last Islamic conference for severing relations with any country that transfers its embassy to Jerusalem. Our position is clear."

Hababi applauds Brazilian diplomacy: "Thank God, there are no problems between our two countries. Brazil's positive political attitude regarding Middle East issues has created a fitting atmosphere for consolidation of existing relations. I will do my utmost to meet the expectations of both governments in improving economic, cultural and commercial relations between the two countries. From the economic point of view, I will try to obtain more progress in promoting trade between the two countries, taking into consideration all measures that could lead in that direction."

The diplomat denied, however, that the Saudi Arabian government intends to make financial transactions on the pattern of that arranged recently by

Kuwait, which bought stock in Volkswagen do Brasil: "Nothing of this sort is contemplated. The Saudi investment system is mainly concentrated in the hands of the private sector, which has great influence in making investments abroad as well as within the kingdom. Generally speaking, the door is open for Brazilians to come and solicit private Saudi capital to participate in its projects of interest and importance for the economies of the two countries. The door is also open for investment of Brazilian capital in Saudi Arabia.

### Imports

The ambassador also sees other ways to broaden economic interchange: "Saudi Arabia has only one export item, which is petroleum. It is a natural resource, not a manufactured product. It happens that such a product is greatly sought after by all countries for use as energy. Brazil, on the other hand, is a country with a high degree of development, with great potential to become an industrial country, which explains Brazil's demand for petroleum to fuel its industry. As Saudi Arabia needs many goods, for production as well as for consumption, the entrepreneurs of the Saudi private sector are involved in importing such items from many countries, as the large Saudi market is naturally subject to price competition. In regard to Brazil, however, there is a strong effort to encourage Saudi businessmen to import merchandise suitable to the taste of the Saudi people that will contribute towards improvement of the Brazilian balance of payments."

Abdullah Hababi did not refer directly to President Joao Figueiredo's statement that he will visit the Middle East, perhaps as early as next year: "What I know is that there is an invitation that was generously made by the Brazilian government to His Royal Highness Crown Prince Fahd ibn Abdul-Aziz, which is expected to be fulfilled in 1981.

"Another invitation, this one to the Saudi foreign affairs minister, His Royal Highness Prince Saud Al Faysal, was made without a fixed date. Hence, it is to be expected that fulfilling these invitations will lead to suggestion of additional visits on the part of Brazil to Saudi Arabia."

### Petroleum

The ambassador reaffirms Saudi Arabia's moderate position on petroleum prices: "We feel petroleum is important to the welfare of the international community. Hence it is part of Saudi Arabian policy to contribute toward petroleum reaching consumers at a reasonably moderate price. Beyond this, we feel that the benefit of petroleum should not be restricted to our own generation alone, but must reach future generations and this could be accomplished by means of reduced production. At the same time, we encourage all efforts in the direction of solving the energy crisis through various substitutes. Unfortunately, what we are seeing now is the result of under-valuation of petroleum prices previous to 1973."

## COMMENTS AT INTER-AMERICAN SYMPOSIUM ON ENERGY; DOCUMENT

## 'Not Government's Problem Alone'

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Sep 80 p 22

[Excerpts] The president of the republic, Joao Figueiredo, said yesterday, in concluding the symposium on energy sponsored by the Forum of the Americas in Sao Paulo, that "the search for new sources of energy is not a problem for the government alone." For businessmen, he said, availability and price of energy limit the capacity of business to produce, sell, make a profit and expand. But, in one way or another, such limitations, according to Joao Figueiredo, "affect society as a whole, determine market prices, reduce the purchasing power of the public, hinder efforts to create resources and nullify government measures intended to distribute the wealth generated by the work of all."

Vigorously applauded by the 3,000 businessmen who participated in the Inter-American Symposium on Development of Alternative Energy Sources and the "Inter-American Congress for Free Enterprise in Mobilizing Alternative Energy Sources," the president of the republic made a brief analysis of the consequences of the increase in petroleum prices since 1973. "The Third World countries, heavily dependent upon foreign supplies of oil, suffered a de facto reduction in their capacity to provide their populations with satisfactory levels of well-being. The available options--reduction of other imports or forgoing programs essential to development--are equally undesirable or prejudicial and tend to engender situations of economic stagnation, unemployment or social retrogression. Or all of them together."

The speech by the president of the Forum of the Americas, Mario Garnero, surprised those present (according to comments after the session) by the reference he made to nuclear energy and particularly to the Brazilian nuclear agreement and program. Referring to the difference in economic development and political structure in the various American countries, he asserted that they "must not be conducive to the always dangerous temptation to intervene in the internal affairs of the countries of the region." Based upon this reasoning, Garnero brought up the subject of nuclear energy: "The freedom of each nation to decide its own destiny according to its aspirations and interests must be extended to the specific plane of energy, where

powerful interests are at stake. In the Brazilian case, for example, the problem of nuclear energy must be viewed without preconceptions or emotionalism, since this is an energy resource that will become necessary and which we cannot give up under any circumstances.

"I should like to believe," he went on to say, "that the great majority of the nation is convinced of this need, supports the Brazil-FRG nuclear agreement and is prepared to ratify the decisions intended to better adapt the agreement to our present economic conditions and to our present energy profile and what it can be expected to be in the future." Power-plant construction, according to Garner, "could well follow a progressive scale, without programmatic inflexibility and in keeping with what is most appropriate for the nation in regard to the number of units, after the first four already contracted, so as to launch and consolidate a major technical and scientific effort for transfer and absorption of technology, simultaneously expanding participation by Brazilian industry in providing equipment and supplies.

"Significant sectors of the scientific community, of the business world and opinion-forming media endorse a positive position in this respect, joining those who support the decisions Your Excellency has been making," Mario Garner concluded. (President Figueiredo, however, did not refer to the nuclear-energy question in his speech made later.) The "Charter of Sao Paulo"--a final declaration by the Forum of the Americas--was published yesterday and contains recommendations for American countries about how to proceed toward energy complementarity among nations, in search of medium-term autonomy.

#### Risks of Economic Stagnation

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Sep 80 p 22

["Full text" of speech by President Joao Figueiredo at Inter-American Symposium on Development of Alternative Energy Sources, sponsored by the Forum of the Americas, at Sao Paulo on 5 September]

[Text] The full text of President Figueiredo's speech follows:

Ladies and gentlemen:

Permit me, before concluding this meeting, to congratulate the Forum of the Americas and the Organization of American States for conducting the events that are drawing to a close today.

I congratulate the illustrious secretary general of the OAS, Ambassador Alejandro Orfila, and the president of the Forum, Mr Mario Garner. On its behalf, I express the appreciation of the federal government to each and every participant of the meetings, debates and conferences held here.

I consider the themes of "Inter-American Conference on Free Initiative in Mobilizing Alternative Energy Sources" and "Inter-American Symposium on Development of Alternative Energy Sources" especially suitable to our times. Businessmen of the continent have good reason to express in this way their direct interest in those problems. Beginning in 1973 Third World nations, heavily dependent upon foreign supplies of oil, suffered a de facto reduction in their capacity to provide their populations with satisfactory levels of well-being. The available options--reduction of other imports or forgoing programs essential to development--are likewise undesirable or prejudicial. And they tend to engender situations of economic stagnation, unemployment or social retrogression. Or all of them together.

In these cases, the less privileged families in importing nations suffer first, more deeply and for a longer time. Price increases in the most essential goods and services fall most heavily upon them. Through no fault of their own, they see the already substantial obstacles to their individual progress become aggravated. They see the improvement in the quality of life to which they are entitled fade further and further into the distance.

In any event, reality must be recognized for what it is. That is: the search for new energy sources is not a problem of the government alone. For businessmen, the availability and price of energy limit the capacity of businesses to produce, to sell, to make a profit and to expand.

In one way or another, such restrictions affect society as a whole. They determine market prices. They reduce the public's purchasing power. They hinder the nation's efforts to create resources. They nullify government measures intended to improve the distribution of wealth generated by the work of all.

It was against such conditions that Brazilians resolved to cope with the problem of developing alternative sources. We have some significant practical accomplishments to our credit.

The most visible results--but not the only ones--are in use of sugarcane alcohol as a fuel for automotive vehicles. Here, it is no longer a matter of interesting experiments worthy of curiosity.

Tens of thousands of alcohol-powered vehicles are driven in our cities and on our highways.

Almost 2,000 service stations sell alcohol regularly.

And everything indicates that by the end of the year we will be building 30,000 alcohol-powered vehicles a month.

It is comforting to note how government agencies and private businesses managed to encourage each other reciprocally. Far from rejecting each other or operating in separate compartments, they combined their initiatives and compounded their results.

Thus, within the scope of PROALCOOL [National Alcohol Program] the Ministry of Industry and Commerce approved 298 projects by July of this year. When they are completed our production capacity will reach 6.7 billion liters per crop year, or 2/3 of our goal for 1985. From that point on, we are forecasting 14 billion to 16 billion liters of alcohol per crop year as our objective for 1987.

But the energy problem cannot be solved by partial solutions. Government and business must face the issue in its threefold aspect: conservation; substitution of derivatives of imported petroleum by domestic sources; and, last but not least, significant increase of domestic petroleum production.

In this last aspect, PETROBRAS [Brazilian Petroleum Corporation] this year will for the first time surpass the mark of 1 million meters drilled. Fields already discovered should be producing in 1985 over two-thirds of the goal set for that year. Continuation of work by PETROBRAS and probable favorable results of exploration through risk contracts indicate the possibility of our obtaining the hoped-for production of 500,000 barrels a day by then.

Substitution of imported energy is being carried out in Brazil today through ambitious and multidisciplinary programs, as in the case of the cement and iron-and-steel industries, thanks to agreements signed with the government.

In the transport sector we are improving urban and metropolitan systems--or building new ones where necessary--to assure rapid and economical transit of large masses of people.

Coal production and its use in various forms will give this industry conditions of maturity and profitability compatible with its current importance in the national economy. As a result, rail transportation and coastal shipping should experience new levels of demand and efficiency.

At the same time, industrial technology for producing alcohol from cassava is already mastered and developed, having overcome the initial pitfalls and difficulties.

Forestation and reforestation projects are finding new opportunities and incentives in planting species suitable for making alcohol or charcoal.

In regard to diesel fuel, there are no longer any technical doubts about its substitution by vegetable oils. The Agriculture Ministry is in the process of defining and implementing a very daring program for production and processing of rapeseed, sunflowers, African oilpalm, coconut and various other sources of vegetable oil of which we have a natural abundance or soil suitable for cultivation.

The combined result of so many initiatives may be seen in the actual reduction of our crude-oil imports in comparison to the limit of 960,000 barrels a day set at the beginning of this year. In August that ceiling was lowered to 850,000 barrels a day. It now is already possible to think of another reduction, to 800,000 barrels a day.

It is facts such as these that encourage us to view the future with optimism and confidence.

Gentlemen: The brief report I have just made shows clearly the multiplier effect of replacing imported petroleum with domestic sources of energy.

From planting to manufacture of fuel, the biomasses form a perfect cycle. Perfect in regard to utilization of factors of production that we do not lack: sun and land. Perfect for utilization of labor and development of the worker. Perfect in generating income at the local level.

Perfect, moreover, in opening to private initiative the possibility of engaging fully in our nation's energy program. Perfect, I should further say, for the opportunity it gives small and medium-sized companies of access to the fascinating field of creating energy.

For its part, the federal government is responding to this challenge by allocating sufficient resources and assigning corresponding priorities.

Thus, while aggregate federal government expenditures will increase about 59 percent in 1981, expenditures for energy and mineral resources will increase 183 percent over the year 1980. Meanwhile, expenditures on agriculture, including those related to alternative energy sources, will increase 158 percent next year.

Having said this, it is with renewed pleasure that I come to share with you the technical and political discussion of the most urgent problem for us all: discovery and development of alternative energy sources. Our future depends upon that. Thank you very much.

#### Emphasis on Integrated Development

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Sep 80 p 22

["Full text" of "Declaration of Sao Paulo" distributed at the close of the Inter-American Symposium on Developing Alternative Energy Sources at Sao Paulo on 5 September]

[Text] The following is the full text of the "Declaration of Sao Paulo" document, distributed at the end of the Inter-American Symposium on Development of Alternative Energy Sources:

Meeting in Sao Paulo, at the end of the studies made during the period of 2 through 5 September 1980, the members of the Reporting Commission of the Organization of American States and of the Forum of the Americas, reflecting points of view expressed and discussed by the participants of the Inter-American Symposium on Development of Alternative Energy Sources and of the Congress on "Free Initiative in Mobilizing Alternative Energy Sources,"

## DECLARE:

1. Thorough study of any problem must be based upon a central concern for man. Hence, consideration of the fundamental presence of man is indispensable in the proposals for solving the energy crisis that today affects the continent and the world. And, given the preponderant role of man in overcoming energy difficulties, his development must be an indispensable factor in the rational utilization of alternative energy sources.
2. Substantial improvement of the living conditions of the populations of the Americas is the objective that gives the highest meaning to the effort for full utilization of the continent's energy potential. It is under this common inspiration that the peoples of the region and their governments must confront the challenge represented by development of technology suitable to utilization of its energy alternatives.
3. These meetings emphasized that national energy policies should pay particular attention to the impact on production of foodstuffs, employment and the environment. In brief, the emphasis is on integrated development.
4. Dialog and active cooperation between government and business can help each nation find the energy model appropriate to its resources and objectives.
5. In each country, private enterprise must evaluate and assume the risks of active participation in the effort for developing alternative energy sources. The degree of risk varies according to economic, political and social stability. Hence, the states, in return, must clearly define the scope of their own actions and the politico-economic rules by which the private sector is to carry out its task with maximum efficiency.
6. Development of industrial and agricultural production in the less-favored regions of each country must be a fundamental part of action in the energy field. Expansion of economic frontiers through conscious adoption of different technological alternatives and creation of more jobs must give priority to improving the quality of life in the most needy areas.

The demand for energy on a large scale and in concentrated form that industries and urban areas present and, on the other hand, the demand in small quantities and geographically dispersed form that agriculture and rural areas present leads us to reiterate the need to combine different energy solutions.

Governments and business today face the challenge of establishing a new social project whose economic profile is healthy and whose energy profile is sustainable.

7. Agricultural activity in Latin America and the Caribbean, especially in those countries with limited resources, faces the difficult dilemma of concentrating on production of energy or on production of food.

Development policies must harmonize production of food and of agroenergy, using ecological zoning and energy balance as initial programmatic elements.

In the current energy revolution can also be found the bases for agricultural and agrarian change needed so much by many American countries. These countries can and should concentrate on harmonized production with a twofold objective:

- i. To increase the supply of food, for human energy;
  - ii. To increase the supply of fuel from diversified sources, for combustible energy.
8. No program for production of foodstuffs or of energy will be viable without vigorous political decisions to support the various stages of its implementation. However, the energy policy models to be formulated by the American countries must consider the economic, agronomic, political and social characteristics of each one, without prejudice to frank international cooperation that would permit, once such policies are defined, creation of a hemispheric energy policy of benefit to all.
9. It is fitting to acknowledge the great pioneering contribution on a world level that alcohol is making toward overcoming the current energy situation. But current efforts for supplementing it with other sources must be continued, as recent history has taught us the dangers of energy models heavily concentrated on only one fuel.
10. Developing countries and especially Latin American countries need, above all, time and an appropriate supply of long-term funds for the proper financing of their deficits in current transactions and also to make the investments indispensable to reducing their energy dependence. It is urgent to find the mechanisms to generate such surpluses with a minimum of commotion in terms of continental inflation, without foreign deficits and other effects as undesirable as they are unbearable.
11. In the effort of American countries to diversify energy sources and reduce foreign dependence, comparison of various national experiences is highly remunerative to all. Example and demonstration will always lead to opportunities for the constant expansion of the range of alternatives on which each country can rely. The initial conditions of each country, due to the changes required in their productive structures, will surely be different one from the other. This fact, however, should induce American countries to value even more highly comparison of experience and international cooperation in developing their alternative energy sources.
12. Within the context of inter-American cooperation, consideration should be given to the eventual effects of environmental deterioration that can be solved only at the regional level. That concern must be present as an indispensable element in energy planning and preservation of the environment.

13. The studies made in this Symposium and in this Congress stress the universal desirability of maintaining:

- a) Within the scope of the Organization of American States, a parliament open to permanent political and technical dialog as a catalyzing element of hemispheric effort and cooperation within the context of the North-South dialog through the active presence in the Organization of important exporting countries, now and potentially, as well as importing countries on a large and small scale;
- b) The Forum of the Americas is also a parliament open to political, technical and entrepreneurial dialog of ready access to citizens of all countries of the continent;
- c) The work of both organizations can result in establishment of the necessary consensus and construction of the proper policies in the vast field of alternative energy sources.

#### Political Side of Problem

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Sep 80 p 22

[Text] "Evaluation of the repercussions of the world energy crisis has a clear political connotation. And so does identification of its possible solutions," asserted Foreign Affairs Minister Ramiro Saraiva Guerreiro in his speech on "International Relations in Light of the World Energy Crisis" at the plenary session of the Forum of the Americas yesterday afternoon. According to Saraiva Guerreiro, "in the context of the crisis, the international position of all countries will be directly or indirectly affected. Some of them will certainly lose ground in the process of readjusting the international structure induced by the energy crisis.

"This should not be the case with Brazil," he said, a country that, according to him, "is essentially viable in terms of energy, despite all the difficulties confronted on a day-to-day basis." Saraiva Guerreiro warned that "it is important to prevent the moment of crisis being used by other (more developed) countries to create new and unjustifiable obstacles to our trade and development."

The minister referred specifically to "protectionism against Brazilian exports of manufactured goods and the difficulties inherent to recycling, through intermediation by third parties, funds generated by the petroleum-exporting countries." The outcome of this process, in his opinion, "depends upon strengthening relations of trust that we have been trying to develop with the producing countries."

Definition of the course that the international economic order will take, Saraiva Guerreiro believes, will depend heavily upon the ways in which the energy question is resolved. "It is necessary to avoid, for the energy

question," he said, "repetition of partial solutions of a discretionary and exclusionary nature, that contribute so much to the inefficient structure of international trade and international technology transfer."

### **Sizable Agricultural Expansion Required**

Rio de Janeiro O GLOBO in Portuguese 3 Sep 80 p 22

[Text] Sao Paulo--Agriculture Minister Amaury Stabile said yesterday that the goal of producing 10.7 billion liters of alcohol in 1985 will require great effort by Brazilian agriculture, as it will mean an increase in the area planted to sugar cane of 2 million hectares in a period of only 5 years.

Amaury Stabile participated yesterday in the Inter-American Symposium on Development of Alternative Energy Sources sponsored by the Organization of American States (OAS) and the Forum of the Americas. To give an idea of the size of such efforts, he asserted that the total area planted in the 1979-80 crop year was about 45 million hectares, of which 26 million were for production of foodstuffs. The sugarcane area was 2.6 million hectares.

According to the agriculture minister, expansion of the agricultural frontier in recent years has been about 4 percent annually, which represents an increase of 1.5 million hectares a year.

To plant 2 million more hectares to cane we need an increase of about 400,000 hectares annually, which corresponds to 30 percent of the average annual expansion of the agricultural frontier.

Speaking further about alcohol production, Amaury Stabile stressed the need to find substitutes for sugar cane as a form of production zoning and of providing regional solutions. In the case of cassava, the minister said, there are no industrial limitations on distilleries and 5 projects for producing from 60,000 to 120,000 liters a day will be installed within a period of 2 years. In regard to the agricultural aspect, productivity of cassava, which had been quite low, has now reached 25 tons per hectare and in some regions it has been as high as 50 tons per hectare.

In regard to sweet sorghum, Amaury Stabile stressed its importance in complementing sugar cane because it will mean that installed industrial capacity can be used during 2 more months of the year. For this purpose programs are being developed for selecting species, establishing nurseries and creating incentives.

### **More Challenges**

Besides replacing gasoline with alternative energy sources, the agriculture minister cited the need of substitutes for diesel fuel and fuel oil, which will also require a sizable participation by agriculture. To replace diesel fuel by vegetable oils the objective is to produce 2.33 billion liters of

vegetable oil (based upon rapeseed and sunflower seed in the short run and African oilpalm and coconuts in the intermediate term) in 1985. This is equivalent to 10 percent of the demand forecast for that year, assuming a constant rate of growth in demand of about 7 percent a year.

The third challenge cited by the agriculture minister is substitution of fuel oil by charcoal and firewood, which will necessitate a policy of forestation for generating energy.

The goal established is to replace in 1985 the equivalent of 14 million tons of fuel oil, which is 53.7 percent of demand forecast for that year.

To meet this objective, according to the agriculture minister, it is intended to plant, beginning in 1981-82, 870,000 hectares which, with a growth rate of 10 percent in the following years, will require investments of about 25 billion cruzeiros by 1985.

#### Human Side of Crisis

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Sep 80 p 30

[Text] Alcohol, firewood, coal, biogas, biomass, ethanol, methanol were talked about obsessively as alternative sources to petroleum. But yesterday, temporarily digressing from its eminently technical tone, the Inter-American Symposium on Development of Alternative Energy Sources which is being held in Anhembi managed--without forgetting the theme of the conference--to offer an alternative for its participants and even to inject humor. At the morning plenary session the discussion was about education, human resources, public opinion, the university--in brief, about man and the energy crisis. And the audience could have a respite with something much less technical than on the first day.

Boanerges Ribeiro, president of the Mackenzie Institute, cited humorist Art Buchwald to recall that the energy crisis can be blamed on Harvard University: "If the Arab princes, sons of the sheikhs, had gone to study at universities such as Alabama, Oklahoma and Texas, they would now be organizing football teams rather than continuing to tighten the reins on everyone. Before Harvard educated the young princes of petroleum, their fathers were content with a 25 percent interest in production from their wells and were euphoric when given air-conditioned Cadillacs as presents. It was Harvard that introduced the world of business to these petroleum ministers who are demanding total control of the wells, tripled royalties, F-5 aircraft. I assure you it was not on the deserts of Arabia that they learned this."

Ribeiro said that the Western World must cope with the crisis at any price, to avoid having its production so reduced that it could "become immersed in massive unemployment." And he recalled that "many of our societies have not yet accumulated sufficient capital to establish and maintain any unemployment insurance for a long time," as occurs in the United States.

The question of the unemployment that could result from the crisis was strongly emphasized by Denno Sander, representative of the OAS at the conference. He cited Adam Curle, Harvard professor, to recall that "underdevelopment is weakness in adequate utilization of human resources and in the educational system, the principal means of preparing the people to undertake the task of national development."

In a general way, the conferees concluded that alternative energy sources should be presented as feasible and accessible solutions, without rejecting all the wealth already mobilized in industrial societies. And that alcohol, in the words of Wolfgang Sauer, president of Volkswagen do Brasil, has already reached its "point of no return."

#### 'No Electric-Power Crisis'

Rio de Janeiro O GLOBO in Portuguese 5 Sep 80 p 18

[Text] Sao Paulo--Industry and Commerce Minister Joao Camilo Penna asserted yesterday at the Inter-American Symposium on Development of Alternative Energy Sources sponsored by the Forum of the Americas that the government will not intervene in the cement crisis because "it is not reaching the proportions that are being reported." He charged that output is being stored for speculation on the black market, but acknowledged that there is a lag in the price of cement, the solution to which is being studied in conjunction with the Planning Ministry.

The industry and commerce minister said that the nuclear program will be installed in a gradual way compatible with the Brazilian energy situation in the hydroelectric sector, asserting that "there is not now, nor is there in sight, any structural crisis in electrical energy. We have hydroelectric sources with a capacity for 213 million kilowatts and at present we are using only 30 million.

"Brazil adopted the correct strategy of constructing the nearest sources for generating electrical energy, so that after we have to construct our hydroelectric plants at greater distances, it will be at constantly rising costs."

As a warning to industry, Camilo Penna added:

"Although there will not be a shortage of electrical energy, should the longer distances make costs increase much more rapidly, industry will have to be prepared to reduce its expenditures."

He also recalled that Brazil's entry into the nuclear era is intended to broaden the nation's knowledge in this field, but atomic energy will be essential when the nation's hydroelectric potential is exhausted.

"The nuclear program," he said, "is intended for technological training, for administrative and political experience with the subject. It is not a

major program. It is a minor program. So it should go into effect gradually and not rapidly, more for the purpose of technological training and politico-administrative experience."

#### Cement

In regard to cement, he asserted:

"For some time now we have been warning industry about the problem--shortage of the product in the market--but as the sector is entrusted to private enterprise, the government will not interfere. And the government will definitely not interfere because it would threaten the very existence of free enterprise. But the crisis is not reaching the proportions reported. It is in Rio Grande do Sul, but it is nonexistent in Minas Gerais. In other words, it is not nationwide. And, furthermore, there is plenty of cement available for speculation on the black market."

#### PETROBRAS Sticks to Petroleum

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Sep 80 p 26

[Text] Rio de Janeiro--The main priorities of PETROBRAS are petroleum exploration and production, and for this reason the company's management does not intend to commit its resources to programs for alternative sources of energy production, the president of PETROBRAS, Shigeaki Ueki, said yesterday, also denying existence of studies for transforming it into an energy company.

Even so, Ueki admitted that if the government wishes to have PETROBRAS participate directly in the program for production from alternative sources such as alcohol and coal the company will be mobilized for that purpose, "since it has the experience, the organization, a competent technical staff and international prestige."

Ueki's statements refute the point of view expressed by Carlos Sant'Anna, the company's marketing director, who contends it is possible that PETROBRAS may participate as a minority stockholder in projects for producing alcohol and coal as substitutes for petroleum derivatives. But the PETROBRAS president did not care to dispute his marketing director directly, preferring to leave the door open for the company to engage in those sectors "should the government so desire."

Ueki's main argument in rejecting the possibility, for now at least, of transforming PETROBRAS into an energy company is the need to concentrate technical and material efforts on increasing domestic production of petroleum and accelerating the pace of exploration to discover new deposits capable of increasing the present volume of recoverable petroleum reserves, which is a little more than 1.2 billion barrels.

Besides these two priority areas, Ueki mentioned the need to expand the nation's fleet of oil tankers in order to reduce its dependence on chartering foreign ships to transport crude oil.

Ueki also noted that foreign petroleum companies such as Shell and Esso are investing in alternative energy sources in search of profits, but the same objective cannot be pursued by PETROBRAS, which also has other responsibilities.

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CSO: 3001

## NATIONAL CLAIMS IN ANTARCTIC STILL UNDEFINED

Rio de Janeiro O GLOBO in Portuguese 10 Aug 80 p 12

[Text] Brasilia--Five years after agreeing to the Treaty of Antarctica, Brazil has not yet decided what claims it will make on the so-called "white continent," which is considered one of the most important reserves of marine and mineral resources for the future of humanity.

On [words missing] the Brazilian government had sent a note to the U.S. Department of State officially agreeing to the Treaty of Antarctica signed in Washington on 1 December 1959 and in force since June 1961. After a 16-year delay, Brazil became the 19th country to adhere to this agreement, for which the United States is depositary.

One of the major points of the communique sent to the U.S. government asserts that "because Brazil has the longest coastline in the South Atlantic, a coastline that for the most part is readily accessible from the southern continent, it has direct and substantial interests in Antarctica."

Since then, however, our government has not issued additional documents to implement Brazil's claims to land in Antarctica; nor has Itamaraty [Foreign Affairs Ministry] sought to have studies conducted defining the "direct and substantial interests" mentioned in the Brazilian declaration.

### Lack of Interest

While numerous countries have established military bases, scientific missions and weather stations and others have explored the riches of the South Pole extensively, Brazil seems to have forgotten the reasons for its interest in Antarctica.

There are even tourist services that include trips to the southern lands, but there are no reports that the Brazilian government has organized a single expedition to the lands at the extreme south of the planet. In its covenants, agreements and treaties with countries with which it has relations, Itamaraty has never shown any interest in being associated with other countries that traditionally carry on research in the region. When

asked about Brazil's aloofness toward the source of most of its weather patterns, Brazilian diplomats allege that there are much more urgent problems requiring Itamaraty's attention.

The scientific community is bolder, in supporting the "facing theory," according to which countries may make a cartographic projection of their territorial boundaries on Antarctica. In such a case, Brazil would be one of the principal beneficiaries, since it has the longest coastline in South America. This theory, however, is not accepted either by the Brazilian government or internationally.

Brazilian scientists--including specialist Rubens Villela--have called attention to the fact that destructive frosts and droughts in Brazil are intimately connected to polar changes in the Antarctic, a region contiguous to Brazilian territory from the meteorological point of view.

At least one Brazilian position is quite clear: Brazil never claimed any territorial portion of Antarctica, even though this was done by Argentina, Great Britain, Chile, France, New Zealand and Norway--countries that claim sovereignty over considerable portions of the continent. The United States and the Soviet Union have made no territorial claims but, next to Argentina, are the most active there.

Argentina has had military bases and facilities for the National Meteorological Service and the Post Office there since 1904. Several Argentine citizens have been born in Antarctica, which helps legitimize the permanent occupation of such territories.

The United States, in turn, maintains four stations in Antarctica: two on the coast and two inland. About 120 Americans spend the southern winter in the region, although the number of U.S. scientific workers sometimes reaches over 1,000, as part of a research program costing \$50 million. Antarctica has already been a strategic point for the United States. During World War II thousands of U.S. soldiers were sent there. The Soviets have not had the same interest, although they send scientific missions there every year.

#### Petroleum

Although there are prospects for developing the petroleum and natural gas of the Antarctic continent--as well as other mineral riches--the major economic utilization of the South Pole is represented by fishing for krill, a small shellfish similar to shrimp and as rich in protein as is beef. Krill is caught on a large scale by Japan, Poland and the Soviet Union. It is estimated that in 1978 alone 200,000 tons of krill were caught. Voices of ecology movements have already been raised against such "irrational" fishing, since krill also serves as food for whales, seals, fish and birds. Its disappearance would cause an ecological disaster of large proportions.

Over 90 mineral deposits have been reported in Antarctica, including tin, iron, cobalt, uranium, carbon, gold, vanadium, chrome and "plomo" [translation unknown], as well as hydrocarbons.

The possibility of extracting petroleum has aroused the interest of companies such as Gulf Oil, Atlantic, Esso and Shell. Prospects such as these lead Chile, for example, to claim a territory in Antarctica larger than the country itself. The southern continent has 14 million square kilometers, nearly twice the size of Brazil.

Meanwhile, the principal reason for Brazil's aloofness in regard to its "direct and substantial interests" in Antarctica has been the economic crisis that is affecting the whole world. In reality, any activities in regions of a hostile climate such as the glacial areas are very expensive and provide an uncertain return. Except, of course, for those countries that because of their own climatic conditions are already equipped for any kind of exploration in permanently frozen regions.

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CSO: 3001

LANGONI SAYS ESTABLISHED STRATEGY WILL NOT CHANGE

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Sep 80 p 24

[Text] Brasilia--Central Bank President Carlos Geraldo Langoni said yesterday that at the end of this year Brazil will be full of speculative rumors capable of raising the quotation for the dollar to 70 cruzeiros in the over-the-counter market, compared to the official rate of 55.645 cruzeiros to buy and 55.845 to sell. In recalling that the speculations reflect the transitional period until evidence emerges that the rate of inflation is being reversed--"which cannot occur until next year"--Langoni stressed that "the basic fact is that the government is not changing established strategy on the basis of rumors."

Within gradualism in fighting inflation and adjusting the balance of payments, the Central Bank president noted that the government must maintain poise and firmness in this difficult period of waiting for clear results of the policy put into effect. As the effects of the gradualist strategy have not yet shown up in the figures for inflation and the trade balance, he admitted that the field of action for speculators remains ample.

Once again Langoni condemned resorting to expedient solutions and pointed out that in 1964 and 1965 the government resisted pressures arising during the months of lag between establishing instruments to correct the course of the economy and achievement of concrete results, despite all the annoyance.

"What is essential is confidence in the strategy," the Central Bank president insisted. He recalled that the government never expected short-term results and now acknowledges that "all the current effort will not take effect until 1981." Even if the rumors multiply, Langoni explained that the government can only maintain the basic strategy and hope that reversal of expectations will emerge naturally.

Gradualism

Based upon that principle, the Central Bank president asserted that the government has definitely rejected substantial changes in the strategy of pre-set foreign-exchange devaluation and monetary correction or in

administration of interest rates. Giving in to pressure for changes would, in Langoni's opinion, amount to accepting an inflation plateau of 100 percent.

According to him, the government cannot even think of condoning triple-digit inflation; nor can the economy itself, since accepting an excessively high rate carries the risk of generating "social and political instability sufficient to compromise the nation's redemocratization process."

Hence, the Central Bank president said, in view of "social restrictions," the only alternative for combating inflation and the deficit in foreign accounts is gradualism. "The strategy adopted is based upon the premise that results will come, but over a period compatible with the domestic and foreign situation. There is thus no point in requiring weekly or even daily results," Langoni commented.

If it were not for the government's extreme caution in avoiding aggravation of social problems, the government would not be choosing structural changes in the Brazilian economy, but would be imposing drastic measures such as recession and widespread import restrictions. But the concern for maintaining the rate of economic growth in order to respond to heavy pressure on employment and restrict inequality in personal and regional income led the government, as explained by Langoni, to make a choice for gradualism.

"The balance-of-payments problem is tied to the dependency on imported petroleum. However, the proposed solution is not to reduce petroleum imports but, rather, to create alternative energy sources. Restricting imports could eliminate the trade deficit, but there would be a reduction in economic activity and shortly thereafter the same problems would return. Hence the choice of gradualism compatible with the nation's social and political objectives," the Central Bank president emphasized.

#### Minidevaluations

Based upon the firm intention of monetary authorities not to change their strategy, Langoni dismissed any possibility of also speeding up the foreign-exchange minidevaluations as a way of reducing the trade-balance deficit. He explained that, within a certain margin of flexibility in established goals, the pre-set exchange correction has gone from 40 percent to "a little less than 50 percent" this year, which carries more favorable prospects for the exporting sector.

Even so, the Central Bank president acknowledged that exporters could have a reduction in their profit margins due to the lag between devaluation of the cruzeiro and inflation. But he remarked that businessmen should also have confidence in a reduced rate of inflation and thus believe that next year's exchange correction will be sufficient to cover possible differences in the current period.

The director of the foreign area of the Central Bank, Jose Carlos Madeira Serrano, added that minidevaluations of the cruzeiro are already programmed

based upon the new ceiling of a little less than 50 percent. According to Serrano, no one can say that the cruzeiro is overvalued. "The only indicator of overvaluation," he asserted, "would be a sharp drop in the level of exports. And exports are maintaining a very rapid growth rate."

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# STUDENT SUPPORT FOR NETTO'S ECONOMIC POLICIES SEEN

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Sep 80 p 30

[Text] Greater participation by society in the government's economic decisions is the only solution for the current Brazilian crisis, according to 7 young people with an average age of 23 who are considered the best students in their specialties by the Gastao Vidigal Foundation for Economic Studies. Winners of the 1979 Gastao Vidigal Prize, the recent graduates are, in principle, all in agreement with the policy adopted by the government and especially with the orthodox economic theories of Planning Minister Delfim Netto.

Based upon the premise that the fight against inflation is being waged with the proper weapons--reduction of government expenditures and control of the money supply--and that the deficit in the balance of payments will be overcome through aid to exports and agriculture, the young people suggest minor adjustments in economic policy.

The general tendency is to include the Brazilian crisis in the broader context of the international capitalist system, as does Maria Cristina de Azevedo Costa of the USP [Sao Paulo University] School of Architecture and Urban Studies (FAU). But, for Paulo de Mesquita Neto of the USP Law School, this argument alone cannot account for the situation.

"Brazil's economic policy is being discussed by a restricted group of persons who now hold power," he asserts. And Maria Lucia Bressan Pinheiro, also an FAU graduate, adds that "the decisions pursue the interests of only one class." For that reason, Sergio Feliciano Crispin of the USP School of Economics and Administration believes "the mechanism of political liberalization is important to increase the participation of society in economic decisions."

Paulo de Mesquita Neto also points out that this partial view leads to measures of expediency that take into account "only technical elements derived from theory, without adapting them to reality." Hence, in his opinion, decisions are changed without allowing a safety margin for businessmen and workers.

Milan Wohland of the Sao Paulo School of Business Administration, Getulio Vargas Foundation, believes, in turn, that the economy must be managed on two levels: the short term, to cope with instability, and the medium and long term, to find national alternatives. And Paolo Alfredini of the USP Polytechnic School recalls that Brazil, just as the world economy, is going through a transitional phase, mainly in substituting energy sources, and that the projects in which the nation is engaged, because they require much investment, will be successful only in the long run.

Sergio Peliciano Crispim, on the other hand, shares Minister Delfim Netto's certainty that inflation will be reversed and also justifies government control of the economy, including prices, even if this should reduce investment and lead to unemployment. The great Brazilian problem, according to Crispim, is in the industrialization model it adopted without simultaneously promoting a "distribution of income among the states, which hinders development strategy and expansion of the market."

According to Jose Roberto de Almeida Amazonas of the Polytechnic School, these difficulties should be countered on two levels: domestic and foreign. To eliminate the balance-of-payments deficit he suggests more vigorous action abroad in order to change the nation's image, "as only in this way will we sell our goods abroad." He compares Brazil today to the 1929 crisis in the United States: "The American crisis was caused by a drop in production, because of excess savings. The Brazilian crisis today is in consumption."

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# BRASPETRO INVESTMENTS TOTAL \$400 MILLION IN 8 YEARS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Aug 80 p 27

[Text] Brasilia--PETROBRAS [Brazilian Petroleum Corporation] President Shigeaki Ueki announced yesterday that BRASPETRO [PETROBRAS International, Inc], since its creation in 1972, has invested the equivalent of \$400 million abroad. Of that total, \$180 million were invested in Iraq alone, where the state enterprise will save about \$292 million in foreign exchange by the end of this year, just from the extra supply of 160,000 barrels daily stipulated in its contract. He also revealed that, thanks to the subsidiary's work in six countries, Brazil has been guaranteed a daily supply of 456,000 barrels of crude oil daily.

According to Ueki, who did not testify yesterday before the CPI [Congressional Investigating Committee] examining PETROBRAS, due to lack of a quorum, BRASPETRO never lost either petroleum or money in the first contract signed with Iraq for exploring the Majnoon field. Rather, investments made through last December were repaid with interest. Brazil has gained foreign exchange of \$135 million, "which is the difference between the value of the crude oil we received as reimbursement (\$315 million) and investments by PETROBRAS in Iraq (\$180 million)."

## Majnoon

As the state enterprise president explained, Iraqi authorities, in meeting with PETROBRAS officials, had expressed the intention of altering "some conditions" of the contract signed in 1972, "due to the significant changes that have occurred in the world petroleum market since 1973." Beginning with the visit of the Iraqi petroleum minister in December 1979--on his way to the OPEC meeting in Caracas--negotiations were held between the two countries resulting in adjustments "that were all of benefit to us." The petroleum of the Majnoon region, according to Shigeaki Ueki, never belonged to BRASPETRO, but rather to the Iraqi state enterprise, INOC [Iraqi National Oil Company].

In his opinion, besides the reimbursement for what was invested through 1979, BRASPETRO had another benefit from the new contract: an advance

supply of additional petroleum during the first quarter of this year of about 20,750,000 barrels at official prices. As this purchase was made at prices \$8 below the market to which Brazil would have had to resort to replace stocks outside of official contracts, "BRASPETRO can be credited with saving about \$166 million in foreign exchange." According to Ueki, another objective of the subsidiary's foreign operations was thus achieved: assurance of supply at market prices.

The additional supply of 160,000 barrels a day will be in effect for 13 years (Brazil normally buys 260,000 barrels from Iraq daily) and, according to the PETROBRAS president, it amounts to getting the supplies that would have been received according to the 1972 contract 3 years in advance, inasmuch as Majnoon production will not begin until the middle of 1983. According to Shigeaki Ueki, if we consider the fact that this petroleum has been sent to Brazil since January without payment of any additional premium --usually \$5 a barrel--PETROBRAS activities in Iraq can also be credited with saving the \$292 million in foreign exchange mentioned above. He recalled that 17 percent of world crude oil trade currently pays that additional amount.

The PETROBRAS president also disclosed to the press that another renegotiated clause stipulates that INOC will undertake all the investment needed to develop Majnoon. As he pointed out, responsibility for investing \$1 billion, which had been Brazil's, thus falls upon the Iraqi petroleum sector, "without our failing to be remunerated for the capital invested in exploration." That amount, he calculates, is about what will be needed for more rapid development of the fields discovered offshore from Rio de Janeiro state, where "deepwater work will require investment of over \$3 billion."

#### Other Services

As the PETROBRAS president also revealed, even after renegotiation of the contract BRASPETRO will continue rendering services to INOC and other enterprises of the Iraqi Petroleum Ministry in compliance with a general contract for furnishing technical assistance signed when the new agreement was reached. Among such work, he mentioned technical assistance for geological, production, drilling and engineering services; for studies of the Nahr Umr oil field deposits and updating studies of the Majnoon field itself; for furnishing and operating--through BRASOIL, a BRASPETRO subsidiary--drilling services through two of its own rigs; and for preliminary studies for utilizing gas associated with the oil in the area.

Shigeaki Ueki also reported that furnishing and operating two well-completion rigs through BRASOIL; geological-geophysical regional study of Iraq, with the intention of ascertaining that nation's oil-producing potential; study and development of the Majnoon and Nahr Umr fields, together with the other fields of southern Iraq; study of basic engineering, now underway in Brazil; and preparation of documentation intended for public bidding on the works necessary for production, pumping, transporting and storing heavy oil yet to be produced in Majnoon are all "at the height of negotiation."

All this, in his opinion, "represents foreign exchange for Brazil," although he did not say how much. He announced that the most recent BRASPETRO estimate of Majnoon reserves is 7 billion barrels, while the estimate for Nahr Umr is 1.5 billion barrels.

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PETROLEUM PRODUCTION IN 1980 TO INCREASE 17 PERCENT OVER 1979

Rio de Janeiro O GLOBO in Portuguese 27 Aug 80 p 20

[Text] Domestic petroleum production this year should reach 73.5 million barrels, representing an increase of 17 percent over last year, when production was 62.2 million barrels. According to PETROBRAS [Brazilian Petroleum Corporation] Production Director Jose Marques Neto, the results obtained through July (40.5 million barrels) and entry into operation of new fields assure the accuracy of the forecast.

Jose Marques Neto said that PETROBRAS has been having some success in re-evaluating old fields, mainly those of the Sergipe and Bahia onshore basins. By drilling at the edges of the already-known fields, specialists have discovered additional petroleum reserves. Similar results are also obtained by drilling more deeply in fields where reserves were showing significantly less production.

The production director recalled that the PETROBRAS strategy is to attack simultaneously various new areas, drilling exploratory wells. He believes the goal of 500,000 barrels a day by 1985 will be reached easily, provided the rate of success attained in recent years is maintained.

Among the pleasant surprises that have been occurring in production, PETROBRAS technicians cite the Bahia offshore Submarine-37 well near Espirito Santo. This well entered into production this week with a volume of 1,460 barrels a day. A permanent platform is being used and two more wells will be drilled, which will result in production rising to 2,520 barrels a day by the end of this year. Jose Marques Neto said the deposit is not very large but fully justifies the investment.

He later spoke about the Lagoa Parda region, an Espirito Santo onshore basin, where a new petroleum formation was discovered recently. Three derricks are working in the region. It is possible that the production of Bahia Submarine-37 may be joined to Espirito Santo wells through a single drainage system. These wells will be producing more than 10,000 barrels a day in the future.

## SERRA PELADA PRODUCES 1.1 TONS OF GOLD DURING AUGUST

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Sep 80 p 26

[Text] Brasilia--Government sources told O ESTADO DE SAO PAULO yesterday that during the month of August Serra Pelada production reached 1.1 tons of gold, with a daily average of 30 to 40 kilograms. They also predicted that by the end of this year about 7 tons of gold will be removed from that region alone. Three tons have been obtained since mining began. They revealed that about 10,000 persons have begun to work at the Goiaba mining settlement in the Serra das Andorinhas mountains near Belem, Para.

The same sources also reported that Mines and Energy Minister Cesar Cals yesterday sent the Mines and Energy Ministry bill creating a policy for exploration of precious metals and precious and semi-precious stones to the ministers who make up the Economic Development Council [CDE]. The matter was also one of the subjects discussed during the audience Cals had yesterday with President Figueiredo.

## Euphoria

The same official sources in Brasilia said that entry of the Goiaba mine into production made Brazilian authorities "happy." The Serra das Andorinhas area is the center of the highest hopes that Brazil can quickly reach a level of gold production that--even if it doesn't come near that of South Africa or the Soviet Union, for example--can give the government some monetary gold reserves. One ounce now sells for \$635 on the international market. From the Serra Pelada alone, which experts consider just "a trickle," the Central Bank has already collected 3 tons. The Mines and Energy Ministry, according to a document delivered to the CDE, reported that the Mineral Resources Prospecting Company [Minerobras] cites eight gold-producing regions in its survey: 1) the Minas Gerais Ferriferous Quadrilateral; 2) a strip of the Territory of Amapa contiguous to the Guianas; 3) the Gurupi-Maracacume region between Para and Maranhao; 4) the Tapajos River; 5) the eastern north-central region of Goias; 6) Upper Paraguay River and the Cuiaba River in Mato Grosso; 7) Serra da Jacobina and environs in Bahia; 8) the Diamantina plateau, also in Bahia.

The Mines and Energy Ministry intends that gold be developed in Brazil--according to the document--through interministerial action and does not contemplate establishing an "OUROBRAS" [Brazilian Gold Corporation].

# EMBRAER ANNOUNCES PURCHASES OF AIRCRAFT BY FRANCE

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Sep 80 p 28

[Text] EMBRAER [Brazilian Aeronautics Company] announced in Sao Jose dos Campos yesterday that the French regional airline company Brittain Air International signed a letter of intent in London yesterday for purchase of three Brasilia aircraft, the first prototype of which is to be flown in 1982, entering quantity production in 1984.

The Brasilia, which is being developed by EMBRAER, will have capacity for 30 passengers or 3 tons of freight, powered by 2 turbine engines of up to 1,500 horsepower each. The order from Brittain (which already flies Bandeirantes aircraft on its regional lines) is the 54th order EMBRAER has received for its future model. Besides several Brazilian regional airline companies, firms in the United States and Great Britain have ordered the Brasilia.

EMBRAER also announced yesterday that Brazil's participation in the international Fairborough Fair is being very well received, with great interest on the part of visitors (mainly military persons) in the T-27, military training aircraft whose first prototype was flown 19 August, the company's 11th anniversary.

## Ministry Purchases 50 Xingu Aircraft

It was announced in Paris yesterday that the French Defense Ministry is finalizing purchase of 50 Xingu-EMB-121 training aircraft produced by EMBRAER. The contract, worth \$80 million, is in the final phase of negotiation.

Official sources said the government preferred the Xingu to other models of U.S. manufacture and, in exchange, France expects to sell Brazil Mirage-50 combat aircraft, the European Airbus and possibly a license for manufacturing the French Puma helicopter here.

The Xingu was selected by the French in preference to the American-made C-90 King Air of Beechcraft and the Cessna-425 Corsair. After 1982 it will replace the DC-3 and Dassault-315 used for pilot training.

## BRAZIL

### NEW ALCOHOL PROGRAM DESIGNED EXCLUSIVELY FOR EXPORT

Rio de Janeiro JORNAL DO BRASIL in Portuguese 28 Aug 80 p 29

[Text] Brasilia--The government is preparing a new alcohol program intended exclusively for export. A message to that effect was received 20 August by Mines and Energy Minister Cesar Cals through a "ministerial memorandum" from Planning Minister Delfim Netto.

According to Delfim Netto's explanation, the new alcohol program will be accomplished with foreign capital and alcohol-producing complexes will be established in new agricultural regions so as not to interfere with the existing PROALCOOL [National Alcohol Program] and food production in traditional agricultural regions.

#### Interest

In his memorandum, the planning minister explained that there are many foreign groups interested in investing in Brazil's alcohol-producing sector but this capital should be accepted subject to certain controls and free of interference in the current PROALCOOL. Minister Delfim's memorandum to Minister Cesar Cals does not mention specific figures, goals or regions, but a Mines and Energy Ministry source said the region chosen for the export alcohol complexes will be the Central-West.

The planning minister argues that an alcohol program parallel to the existing one, exclusively for export, will not bring a saving in petroleum imports but will be a source of hard currency for the nation. He also says the program will be able to retain rural manpower, reducing rural-urban migration, assure growth of the distillery-equipment industry and create markets in foreign countries for alcohol-using vehicles made in Brazil.

Minister Delfim Netto explains that entry of foreign capital in the agricultural sector will not create national security problems, because not only entry of foreign capital in the form of investment but also use of such capital to buy land is already governed by laws to protect national interests. He also says that, although intended for export, the alcohol produced in this second program may, when the government sees fit, be

retained to meet domestic needs. The average price of hydrous ethyl alcohol on the international market is now about \$60 a barrel of 159 liters (22 cruzeiros per liter).

#### IBRD Imposes Credit Condition

Brasilia and Sao Paulo--The Ministry of Industry and Commerce is negotiating with the IBRD (World Bank) and the IDB (Inter-American Development Bank) a public international bidding for supplying some of the equipment for PROALCOOL distilleries. This is the latest condition imposed by the World Bank to open a line of credit for PROALCOOL of \$200 million--11 billion cruzeiros at present exchange rates--in 1981.

Cement makers will also meet today with the CDI (Industrial Development Council) to discuss purchase of equipment from Czechoslovakia, which in turn will receive iron ore from Brazil. The ABINEE [Brazilian Electro-Electronic Industry Association] and the ABDIB [Brazilian Association for the Development of Basic Industries] received from Minister Camilo Penna, through a telex sent last week, assurances that domestic industry will continue to be protected despite these imports. The minister said that domestic-source equipment in Brazilian projects will continue to be between 75 and 80 percent, even if purchase of hydroelectric equipment is agreed to with East European countries, as is still being negotiated.

#### Demonstration of Weakness

"Importation of equipment or parts for alcohol distilleries would be a demonstration of the government's weakness," asserted the executive vice president of Zanini, Luis Lacerda Biagi, in Sao Paulo yesterday in commenting on the IDB requirement for providing funds to the National Alcohol Program.

"For the equipment-producing sector, this import liberalization may even be considered an important event. Maybe from then on some value will begin to be given to what is made in Brazil in terms of technology and technical assistance by distillery manufacturers," asserted Mr Biagi, adding that he "could not say much," because he is "an interested party."

ABIMAQ (Brazilian Association of Machine Industries) President Einar Kok said that "IDB should already be familiar with our country's situation in producing equipment for manufacturing alcohol. We have technology and everything, all made here." The most recent legal importation of distillery equipment took place 30 years ago, recalled Luis Lacerda Biagi. Mr Kok added that "there is no need to accept the IDB terms."

An alcohol producer associated with COPERSUCAR [Sao Paulo Cooperative of Sugar and Alcohol Producers], Joao Guilherme Ometto, explained that "importation of equipment is entirely unnecessary. I am proof of that. What I need I buy in the domestic market. Not only from Zanini or from Dedini,

but from other manufacturers established here and already experienced," adding that "only in the case of large grinding equipment do we have only three manufacturers: Zanini, Dedini and Five Lille Northeast."

#### Crop Year 1981 Already Funded

Brasilia--Financing arrangements for the 1980-81 sugar and alcohol crop year were approved yesterday by the National Monetary Council [CMN] providing 32.8 billion cruzeiros for storage and 8.9 billion cruzeiros for buying for export. The percentage for warehouse receipts was raised from 24 percent to 36 percent.

In announcing the measure, Finance Minister Ernane Galveas said the Sugar and Alcohol Institute was authorized to raise the percentages of the first purchase for export from 50 percent to 60 percent in the Central-South and from 75 percent to 90 percent in the North-Northeast, should the necessary funds be available.

The CMN also authorized the Federal Savings Bank to raise from 30 to 50 ORTNs [Indexed National Treasury Bonds]--from 18,000 cruzeiros to 30,000 cruzeiros--the limit on loans to taxi-cab owners for converting motors from gasoline to alcohol. The reason is that in some cases conversion is costing more than 18,000 cruzeiros.

#### MIC Budget Is Defined

Brasilia--The Planning Ministry has decided upon the budget for the Ministry of Industry and Commerce [MIC] for 1981: PROALCOOL will receive between 55 billion and 60 billion cruzeiros--and not 50 billion as was announced by Industry and Commerce Minister Camilo Penna himself--to establish its goal of 10.7 billion liters for the 1985 crop year. SIDERBRAS [Brazilian Iron and Steel Corporation] capital will be increased from 9 billion cruzeiros to 15 billion cruzeiros, an increase of 70 percent compared to this year, and the BNDE [National Economic Development Bank] will have to be reimbursed 30 billion cruzeiros by the federal Treasury for having made a loan with monetary correction pre-set at 20 percent.

Although there is no overall table of the appropriations for all the MIC agencies, funds will be sufficient to continue the iron-and-steel, energy, tourism, alkali, rubber and technology and industrial standardization programs. The inflation forecast for the next fiscal year, the amount of which was not revealed by Minister Camilo Penna, has already been computed.

Funds for the increase of SIDERBRAS capital will originate from tax revenues of the Treasury, without including the revenues of the government-operated mills themselves. Minister Camilo Penna, however, asserts that the less inflation there is, the more satisfactory the funds will be.

The appropriation for EMBRATUR [Brazilian Tourism Company] and for the National Alkali Company are not from the Treasury alone, but from a number

of other sources of funds and are greater than those of this year. Alcanorte will receive 760 million cruzeiros, which will enable it to continue its program in 1982. The National Alkali Company will have some budgetary adjustments to make.

Minister Camilo Brena is negotiating with Minister Delfim Netto about adopting new mechanisms for attracting funds so that the BNDE may continue operating satisfactorily. He would like the BNDE--following the example of what is now the case with the BNH [National Housing Bank]--to be one of the sectors exempted from adhering to the limitation on credit expansion.

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## BRAZIL

### CEMENT FIRMS TO FORM 'POOL' FOR MINING COAL

Rio de Janeiro O GLOBO in Portuguese 26 Aug 80 p 26

[Text] The National Cement Industry Association has begun to get in touch with the 15 factories in Brazil that produce clinker (basic raw material for making cement), with the objective of determining the stockholder participation of the company, the only one to be established for developing the Leao II and Ceival coal deposits in Rio Grande do Sul. This work will be finished in 90 days. According to the president of the association, Joao Santos, all companies in the sector, in principle, are to participate in the pool. The investment of each one will be proportional to production capacity and, consequently, to the consumption of fuel oil. Consumption of oil by the sector is now 2.5 million tons annually, which, according to the Coal Protocol, must be entirely substituted.

The feasibility study should be finished in 6 months, and development of the mines will take 5 years. The estimated production is 5 million tons per year, intended to supply the cement industry. Joao Santos said it is not yet possible to ascertain the amount of investment necessary.

The project's coordinator, Joao Carlos Linhares, will meet later this week with the president of the Brazilian Electric Power Enterprises Support Company (CAEEB), Ney Webster, to begin setting up the transportation system for distributing production. The businessman explained that, as the cement industry has no background in coal mining, project coordination will seek the needed engineering, transportation and processing assistance in the private sector and CAEEB. He explained that after the company is set up, the cement plants will be responsible only for mining and processing.

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NEW AGRICULTURAL FRONTIERS SAID TO ENSURE FOOD SUPPLY

Rio de Janeiro O GLOBO in Portuguese 2 Sep 80 p 18

[Interview with Planning Minister Delfim Netto in Brasília: "Delfim: New Agricultural Frontiers Assure Food Supply"; date and name of interviewer not given]

[Text] Brasília--"When I say that a revolution is going on right before our eyes, that a new Brazil is emerging in the hinterland, it is not said just for effect. The Central West, the Extreme West and the Northwest of Brazil are exploding with activity."

That is the declaration of Planning Minister Delfim Netto, in whose view the new agricultural frontiers are beginning to substantiate the government's strategy: to rebuild reserve supplies of food--which have been nonexistent since 1979--and to increase the exportable surplus with the purpose of alleviating the foreign-trade deficit caused primarily by petroleum imports.

In an exclusive interview with O GLOBO, Minister Delfim Netto speaks enthusiastically about what is taking place in the nation's new agricultural areas:

[Question] How can the new frontiers help the government reduce the trade-balance deficit and the rate of inflation?

Delfim [Netto]: What is the significance of the opening of new agricultural frontiers in the fight against inflation and the balance-of-payments deficit? It is very simple:

In the first place, it means a greater output of foodstuffs; second, it reduces the risk of widespread crop failure because, to the extent that you are able to enlarge the agricultural area, you are reducing the overall effects of a drought, of local floods, of frost.

To the extent that this frontier is consolidated, the government must invest in storage facilities and local highways. This gives more stability to food production. With greater stability and increased production, you guarantee a supply of food sufficient for the domestic market, eliminating exaggerated price increases for this item, which has great weight in the calculation of inflation. Moreover, by continuing to give priority to agriculture we are going to generate surpluses, which are useful in two ways: to rebuild the government's reserve stocks, which have been zero since 1979; these stocks enable the government to manage things so as to prevent the most flagrant speculative maneuvers of profiteers. The second effect is the exportable surplus, and when you have that it relieves the foreign-trade deficit caused mainly by petroleum imports. Quite aside from the fact that you no longer have to spend dollars to import foodstuffs, in other than exceptional cases.

City people don't always realize exactly what this priority of the Figueiredo government represents: when I say that a revolution is going on right before our eyes, that a new Brazil is emerging in the hinterland, this is not said just for effect, a rhetorical figure of speech that sounds good. You must go there and see it. The Central West, the Extreme West, the Northwest of Brazil are exploding with activity--which confirms our belief in the enormous vitality of this nation. I have often said to journalists who didn't believe me: go there and see it with your own eyes. And those who go there return with a new vision of our nation. To give a few examples: Simply with the expansion that has occurred in the 1979-80 crop year, the CFP [Production Financing Commission]--the agency of the Agriculture Ministry responsible for guaranteeing purchases at the minimum price--has increased by 300 kilometers, on the average, the distance covered by its purchasing agents. And we haven't even built highways yet! Little villages in Mato Grosso (to the north) and Rondonia, that a few years ago had 3,000 to 4,000 inhabitants, have grown to 30,000 and there are cases of even 90,000 inhabitants, requiring a superhuman effort by regional authorities to instill a little order in the Far West.

And this is why I repeat: go there and see it and then come and tell us whether or not there is a revolution going on...

[Question] What kind of assistance is the government providing for the Central-West region?

Delfim: The government is confident, basically, that development of these new regions will come about through the sum total of thousands of individual initiatives. These are people with a pioneering spirit, people who are no longer willing to work the worn-out soil in some regions of the South; people who have to work; essentially, people with enough initiative not to wait for sophisticated plans from the government.

The government is risking nothing. The government is far too slow-moving a creature to keep ahead of these people. What the government can and must do is, on the one hand, give incentives for planting by financing operating

costs; this we are doing in a generous way. Everything that must be planted will be financed. It is already being done, in fact. On the other hand, the government must guarantee purchase of all output should the market not extend to these regions or should it offer ridiculously low prices. In this case also the minimum prices set last year and this year are quite remunerative. Furthermore, we are providing agricultural insurance so that the farmer does not have to quit because of a poor crop. This is so he can stay and try again the next year.

For the central region of Brazil, especially Goias and Mato Grosso, we were able to arrange 10 billion cruzeiros this year to finance agricultural investments, which we were not able to do in the other regions. This is precisely to encourage the pioneers, those who are expanding their planted area. Agriculture Minister Amaury Stabile, who is even more enthusiastic than I am, thought twice that much was needed. This year it wasn't enough. We'll see what happens next year.

As we have a shortage of funds and petroleum is no plaything, we decided to build local highways; we had to choose: no big projects, but rather a number of short stretches of road that help to ship out production more dependably. We are going to back the POLONOROESTE [Program for Development of the Northwest] and some other specific programs for this region to develop its agriculture. But our faith is really in the strength of the man who is going there alone; by the time we get there he has already worked out almost everything.

[Question] Is there any special strategy to attract entrepreneurs to the Central-West region?

Delfim: Look, any self-respecting entrepreneur doesn't have to wait for the government to offer incentives. I know some of them, even big businessmen, who on the weekend leave Sao Paulo, Rio de Janeiro, Belo Horizonte, Curitiba and various other comforts to go out into the hinterland and undertake settlement projects. These are also pioneering initiatives and worthy of attention. But, if our most immediate necessity is food, to increase grain production, we really have to put our faith in the small entrepreneurs. The big businessman is very enthusiastic about cattle, which is a good business--and for the nation as well--but I should like to see them devote the same effort to farming. Because what must be understood is that the farmer is a very special person; one doesn't get that way overnight. In any event, I think it is very important for large-scale entrepreneurs to become interested in opening up the new areas, because the small and medium-sized entrepreneurs will follow them.

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## BRIEFS

AUGUST INFLATION 6 PERCENT--Rio de Janeiro--Inflation in August of this year, as computed by the Getulio Vargas Foundation, was much less than in July but greater than that of August last year, so that the latest 12-month increase continues to rise. Unofficial reports indicate that in August prices rose between 6 and 7 percent, while in the same month last year inflation was 5.8 percent. In 1 year's time the increase has thus been about 108 percent. It is also confirmed that for the first time this year the cost of living in Rio de Janeiro rose more than did the General Price Index, as the former may have risen 7.5 percent in August. This reversal, if continued for a few months, would deflate the polemic that has been going on between government personnel and certain academic circles in regard to criteria used by the Getulio Vargas Foundation in computing the Wholesale Price Index and the General Price Index. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Sep 80 p 29] 8834

CSO: 3001

## U.S. 'NEOCOLONIALIST' IDEOLOGICAL CRISIS IN LATIN AMERICA NOTED

Havana OCLAE in Spanish Jun 80 pp 18-26

[Text] What does the United States' neocolonialist ideology consist of? How is it currently manifested? What are the new tactics being employed by the American propaganda services? These and other questions will be examined in this article.

The overthrow in July 1979 of the dictatorship that had been established in Nicaragua with the aid of Yankee imperialism is one of the most important events in the political life of Latin America. It is another great victory for the continent's national democratic forces. A great contribution can be attributed to the vigorous worldwide campaign of solidarity with the Nicaraguans, which prevented open intervention on the part of the United States and its satellites to come to the aid of Somoza.

The success of the Nicaraguan revolution has influenced and will influence the whole progress of the anti-imperialist struggles of the peoples of Latin America and also of the entire world to liberate themselves. The downfall of the Somoza regime, supported to the very last by Washington, was not an isolated instance; it was a link in the chain of major failures in the United States' Latin-American policy. Before that, the policy directed toward isolating and blockading Cuba had failed. As a result of the peoples of Latin America's liberation movement, the White House found itself forced to sign new treaties regarding the Panama Canal. The attempts of the American special services, in conjunction with local reactionary elements, to "create unstable" situations in Guyana, Jamaica and other countries were thwarted.

The inability of the United States to resort to armed force today to crush the national liberation movements in the Western Hemisphere — in particular in Nicaragua — as it did in Guatemala and the Dominican Republic, confirms the thesis that "under /no/ [in italics] circumstances is it possible for the imperialist powers to in practice intervene."

The United States' inability to form a bloc of countries within the OAS that would obey it, for the purpose of lending the appearance of "collectivity" to actions engaged in to stifle the struggle for liberation in Nicaragua and other countries, is another link in the chain.

At present, the United States finds itself constantly forced to adapt to positions assumed by the majority of the Latin-American countries in order to avoid being totally isolated on the continent, a situation that bears witness to Washington's Latin-American policy crisis.

This crisis is above all related to the worsening of the general crisis capitalism is now going through and is typical of U.S. relations with the countries of Latin America, but also with other developing nations. The United States' neocolonialist policy has failed.

As a policy and practice of the imperialist countries, with their politico-military alliances and monopolistic capital's economic unions which determine the economic and sociopolitical development dependent on these countries, this neocolonialism is aimed at preserving and extending exploitation of those developing nations dependent on it. This policy is carried out by means of a system of economic, political and military relations based on unequal rights as well as through massive ideological persuasion of the peoples of these countries.

The goal of ideologically subjecting the developing countries to imperialism, of preventing the propagation of the Marxist-Leninist ideology in them, of discrediting scientific and constructive socialism is, in our opinion, ideological neocolonialism.

This is achieved by means of ideological expansion, which includes blackmail in terms of the "communist threat," possession and control of the mass communications and propaganda media, ideological persuasion of specific social sectors, propagation of neocolonialist doctrines, theories and views, examples of reactionary bourgeois culture, bribery of top union leaders and the intellectual community, implementation of acts of ideological sabotage and "social espionage," utilization of welfare funds, the Peace Corps and other devices.

All this is particularly characteristic of the United States' ideological neocolonialism in Latin America, the objective of which is to ideologically guarantee achievement of the general programs of its neocolonialist areal policy: to maintain and consolidate the positions held by the transnational monopolies in the countries of the region in question; to preserve the capitalist regime there; to prevent the propagation of revolutionary, progressive and democratic ideas among the large segments of the Latin-American population; to implant anticommunist and reactionary states of mind and points of view; to propagate the American way of life; to prevent the achievement of progressive reforms that could contribute to consolidation of the sovereignty of the Latin-American countries and their economic and political

independence; to influence, in a way advantageous to the United States, those general and specific situations that represent dangers for American positions in given countries in the hemisphere and in the area as a whole.

However, the failure of the social reform policy, the inconsistency of bourgeois premises, of U.S. political and ideological doctrines and views, the increase in the area's relations with the socialist world have contributed to the fact that socialist ideas have been spreading more extensively in Latin America and the search for independent ways of achieving socio-economic and political development has been stepped up.

Under the circumstances, the Carter administration has attempted to introduce a new revision of the ways, means and methods employed in the ideological offensive against Latin America for the purpose of increasing the effectiveness of the ideological guarantee of the United States' economic strategy and foreign policy.

This revision is being effected within the framework of general "modernization" of the neocolonialist strategy, to be carried out by the forces of imperialism during the early 1980's.

The "modernization" of U.S. ideological expansion in Latin America is being carried out by the current administration while taking into account the ever greater importance of the region for the United States, as determined by a number of factors.

In the first place, Latin America is actively participating in the developing countries' struggle to establish a new international economic order (NOEI [New International Economic Order]). The position the Latin-American countries adopt on these issues in international assemblies to a large extent determines the general position adopted by the developing countries with regard to the industrialized capitalist countries.

As was pointed out in the U.S. Congress, "Latin America is not only the 'ideological leader' of the developing countries' movement to establish the NOEI; it is also the initiator of very important practical measures in that direction." It is common knowledge that important UN documents pertaining to the NOEI Action Program, Charter of [Member] States' Economic Rights and Obligations and Code of Behavior for Transnational Firms were approved through the initiative of the Latin-American countries. Hence the United States' desire to assure itself the support of this "ideological leader."

Secondly, during a severe energy crisis, the importance of the Latin-American countries grows, first of all that of Venezuela and Mexico as suppliers of energy resources (oil, gas) as well as of strategic materials for military production.

Thirdly, in addition to being an objective of ideological attack, the U.S. propaganda services see in Latin America a particular kind of practice

terrain on which they can polish and perfect the most up-to-date methods of ideological sabotage, methods for exerting psychological influence. American imperialism transfers these perfected and proven methods of ideological subjugation of the peoples of this continent to Asian and African countries.

Bourgeois American researchers prefer not to employ the term "ideological expansion." In their work in this field, the most frequently occurring expression is "cultural relations." For example, the American political scientist, J. Atkins, a professor at the U.S. Naval Academy, analyses cultural relations among countries as "a means of contributing to the achievement of political goals." He notes that the Western countries, in particular the United States, disguise their "cultural expansion" in Latin America with various kinds of watchwords.

One of these would appear to have some sort of objective basis, the "convergence of the civilizations" of the United States and Latin America.

In the 1970's, we observed a new wave of American ideological offensive against the Latin-American continent, moving in the following directions:

Propaganda emanating from official reports from Washington on important international policy issues, praise of American ideas, views and doctrines regarding politics, the economy, culture and morality.

Establishment of control over the mass communications media: radio and television commercials, film distribution, the publication of books.

"Sociological propaganda," publicity on the "advantages" of the American way of life.

Campaign "in defense of human rights."

At present, the chief role in the U.S. ideological neocolonialist policy in Latin America is played by the International Relations Bureau (DRI), created by President Carter on 1 April 1978 in replacement of the USIA and the Department of State's Training and Cultural Affairs Bureau. With its headquarters in Washington, the DRI has 10 sections in the United States, 189 regional sections — "cultural centers" — and 8,900 officials. Its budget for the fiscal year of 1979 came to over \$400 million and for 1980 it rose to \$432.5 million.

The Carter administration has stepped up information and propaganda activity in Latin America: It has DRI posts and sections in 23 countries, 69 binational centers, 5 libraries and 10 centers for the distribution of propaganda literature. The DRI has been instructed to prepare in detail materials to be broadcast by Latin-American radio stations which emphasize the "defense of human rights" and the "advantages" of the American way of life as well as to produce documentary films for Latin Americans providing scientific

and educational information. At the same time, the administration emphasizes that the DRI is no longer to concern itself with activities of a secret and propagandistic nature, nor is it to manipulate information. But, as the U.S. NEWS AND WORLD REPORT, for example, admits, actually very little has changed.

In light of what has been noted, the current administration is chiefly concentrating on television and radio broadcasts. In March 1977, President Carter sent Congress the "Report on Radio Broadcasting Abroad," in which he stressed the fact that this "is one of the key elements of American foreign policy." The Voice of America's volume of broadcasts for the countries of the area accounted for 7.4 percent of the total time allotted to foreign broadcasts in 1973 and 15.8 percent in 1975. On the occasion of the United States' 200th anniversary, the Voice of America significantly increased the number of its broadcasts to Latin America to 17 percent in 1978.

Then too, the major activity of the Peace Corps is to step up U.S. ideological penetration of Latin America. Created at the same time as the Alliance for Progress and for the purpose of increasing U.S. expansion in Asia, Africa and Latin America in the 1960's, the Peace Corps was deprived of any organizational independence and in 1971 included in the organization Action when the scandal broke and it was unmasked for its subversive activities in Latin America. When the present administration entered the White House, the Senate — after an interval of 6 years — again examined the state of affairs in the Peace Corps, the post of director (to which Carolyn Payton, who in the 1960's was special assistant to the director of the Peace Corps for the Latin-American area, was appointed) was reestablished and a new program was approved which stressed the active incorporation of the work being done by the Peace Corps into the international programs to provide aid to developing countries sponsored by the United Nations. The idea of "dissolving" this American organization, which intensely performed the function of transmitting American ideological influence to the "international community," was particularly useful since it coincided with the administration's vast measures designed to increase the effectiveness of foreign policy propaganda and to see to it that the American bourgeois ideology would penetrate even further into the consciousness of the peoples of the developing countries, especially in Latin America.

A certain reorientation of objectives in terms of ultimate influence was characteristic of American propaganda in Latin America in the 1970's. Propaganda was conveyed in a different way, with the media, ways and methods of implementing it in the countries of the area taking more and more "a specially designated audience" into account.

Soviet scholar Karen Khachaturov defines propaganda directed toward "a specially designated audience" as "selective application of the complex of media to ideologically and psychologically influence people, these media being oriented to achieve an optimal effect on given segments of the population in various countries, taking into account their social class, political

points of view and religious convictions, occupations, level of education, nationality and ethnic background, age and sex."

The American propaganda services' new tactic was particularly aimed at the working class of the Latin-American countries. To do this, the unions, which in Latin America constitute the largest mass worker organizations, were actively utilized. Yankee imperialism assigned the reactionary leadership of the AFL-CIO, whose arsenal includes a media system meticulously designed for subtle social demagoguery, a special role. During the past few years, due to the growth of the national liberation movement on the continent, the AFL-CIO, the U.S. "Trojan horse" in the Latin-American unions, has done everything it can to change tactics, to adapt itself to the objective conditions of the anti-imperialist struggle, to seek out new ways of influencing people. In particular, it has begun to set up new study centers, subsidized by the monopolies, the CIA and the State Department, for the purpose of training union officials of Latin-American countries who will be called on to apply Yankee union policy in the worker movement of the area. The so-called American Institute for Free Labor Development (AIFLD) has been turned into the chief instrument for performing these tasks. About 1977, over 190,000 Latin Americans "passed" through this institute.

As always, the American propaganda services concentrate on Latin-American youth. Not only because it accounts for the majority of the population in Latin America. Latin-American youth's anti-imperialist position, clearly expressed, is not to the liking of the Washington ideological experts. To isolate the working class from the young fighters, to put a halt to their revolutionary impetus, to prevent unity in their anti-imperialist activities, to disorganize the youth movement from within, to divert their efforts to struggle through secondary reforms — university, organizational and others — to remove the youth of the nation from the influence of the progressive parties, social pessimism and all the defects of "civilized Western society" — these are the strategic objectives imperialism is pursuing. To do this, it is making use of its entire arsenal of ideological media.

The American propaganda services have exhibited their particular interest in Latin-American intellectuals. Thus, since 1974, they have begun to publish the review U.S. HORIZONS in 18 languages, including Spanish and Portuguese. In most Latin-American countries it is published with replaceable pages designed to reflect the "local character." For a more restricted audience of Latin-American readers, the review INTERNATIONAL PROBLEMS, which analyzes a broad field of issues relating to current political events in Latin America, is published. Then too, the review PROBLEMS OF COMMUNISM, in which with the inducement of pseudoscientific arguments Marxist-Leninist theory and practice in the socialist countries are falsified, is aimed more particularly at intellectuals. Propaganda for the American way of life occupies an important position in DRI propaganda for this audience.

The complex and contradictory processes that are evolving on the continent have not neglected the army in some Latin-American countries. The growth

of the anti-imperialist struggle has influenced army thinking. The gradual change in the social structure of the active military, the development of new kinds of weapons and the emergence of an intermediate class of intellectual military experts, the negative reaction to Pentagon attempts to subordinate them and impose police functions on them have contributed to the fact that patriotic orientations are on the rise in Latin-American armies. As an inseparable part of the sociopolitical system, the continent's armed forces are themselves experiencing the direct and ever-increasing effects of the structural crisis. Patriotic and democratic tendencies in Latin-American military circles have given rise to obvious concern in American ruling circles.

The American propaganda services have intensified their ideological treatment of the Latin-American military in the American study centers, particularly in Panama Canal Zone schools.

The Carter administration's "new" line in the spreading of neocolonialist ideas is basically the propagation of the hypocritical thesis of "defense of human rights," among others, in the countries of Latin America.

This is the attempt "to ideologically compensate" for the profound crisis the American bourgeois ideology is going through all over the world and in the Western Hemisphere in particular. Speaking at the "trilateral commission" conference on 25 October 1977, presidential aide for national security Z. Brzezinski said that the new administration's number-one task was to "overcome the spiritual crisis," which he described as "a historical crisis of confidence in one's own forces." Washington has launched a campaign in "defense of human rights," which, as Brzezinski emphasized, is largely due "to widespread diffusion over the surface of the earth of anti-Americanism," in order to stop this process, to heighten American actions, "to overcome the public's massive disillusionment and mistrust with regard to American foreign policy" and to demonstrate that "the Western democratic system affords people the best possibility to express themselves." According to Brzezinski, the campaign for the "defense of human rights" is also contributing to the "spiritual rebirth of the West."

In reality, human rights are violated in Latin America, dictatorial regimes carry out a policy of terror against progressive and democratic forces and brutally trample the rights and liberties of individuals underfoot.

Setting the attainment of "moral leadership" in the world as one of the United States' foreign policy tasks, Washington has censured the police repression perpetrated by reactionary and fascist Latin-American regimes. Actually, however, the United States has not absolutely refused to collaborate with frankly unpopular regimes and continues to support them.

Washington's attempt to impose "respect for human rights" as a condition for the granting of military aid to Latin-American countries has produced a negative reaction in the governments of some countries. Argentina, Uruguay, El Salvador, Guatemala and Brazil have rejected all U.S. military

aid. Furthermore, Brazil has canceled its agreements with the United States on military collaboration. Washington has found itself forced to revise its policy. For 1979, the U.S. Congress allotted \$2,692.5 million "to guarantee security and for military aid." Most of it was distributed to Latin-American countries.

Arms manufactured in the United States are still entering Latin America. Officially, supplies of arms to the countries of the area have been considerably reduced. However, they enter indirectly, especially via Israel. Thus in 1977 \$57 million worth of arms were sold to the Chilean junta and in 1978 arms totaling the same amount. In 1976 the volume of American loans to Pinochet came to \$520 million, in 1977 \$858 million and in 1978 \$1 billion. As First National City Bank president W. Spencer cynically noted: "The human rights problem has nothing in common with the credit policy followed by international banking organizations."

At the same time it supplies arms, the United States takes steps to strengthen the machinery of repression in the Latin-American countries to more effectively crush the liberation movement. The Pentagon supports the police organizations in Latin America and in particular trains army officers from the Latin-American countries to perform police functions. In the 5 years from 1974 to 1978, 1,600 officers from Chile, Nicaragua, Brazil and Uruguay received such training. All in all, from 1946 to 1977 the United States trained about 100,000 policemen for the countries of the area.

The strengthening of the machinery of politico-military repression in the Latin-American countries has stirred up a reaction, armed paramilitary bands. Terrorist organizations like the "White Hand" in Guatemala, the Argentine Anticommunist Alliance and other have been literally hunting down progressive elements.

And Washington? In May 1979 the State Department proclaimed "the five main postulates to be used to demonstrate U.S. concern for human rights in its relations with other nations." In accordance with these postulates, "serious considerations bearing on national security" provide justification for "lending military aid to countries that are brutally contemptuous of human rights." This also refers to economic aid to governments friendly to the United States which "have a bad reputation as far as human rights are concerned." In short, whether a dictator is good or bad, what counts is that Washington may need him.

We should note that, under the cover of the campaign for human rights, the monopolies are stepping up their expansion in Latin America.

The well-known Mexican analyst, M. Ojeda, points out that American ideological expansion is being called on to achieve the selfish goals of the policy Washington is pursuing in Latin America. The experience of the past shows that American leaders' actions, "from moral positions," very frequently turn themselves into intervention in one's internal affairs as far as Latin-American countries are concerned.

Thus, the United States is pursuing the same neocolonialist policy it always has in Latin America. As Prof R. Polk writes: "The policy continues to move in the same directions as before... The rhetoric has stumbled over practical obstacles and the promises of change in policy have been silently rejected."

American ideological neocolonialism in the 1970's collided with growing resistance in a large number of Latin-American countries.

Until 1973 the Popular Unity government in Chile limited the activity of the American mass communications media in that country.

In November 1970 the Venezuelan Senate debated as to how to restrict reactionary and imperialist manipulation of the mass communications media which "have launched an offensive against the younger generation of Venezuelans, are corrupting it and morally distorting it."

In January 1974 the Venezuelan Government passed a law prohibiting the investment of foreign capital in radio and television companies. American television and publishing companies were forced to sell their shares to Venezuelan citizens.

In February 1973 Panama passed a law nationalizing radio and television propaganda. This measure was primarily directed against American monopolies that were producing intensive propaganda for the Yankee way of life and attacking Panamanian national traditions. In April 1973 the Mexican Government issued a new regulation pertaining to the radio and television law limiting the number of foreign broadcasts, primarily American.

The Latin-American republics have adopted a number of joint measures to protect their national cultural heritages from the noxious influence of American "mass culture." Representatives of the countries of the area regularly hold meetings designed to work out a joint policy on these issues. In 1968 a conference of specialists on literature was held in Costa Rica, in 1970 a meeting of sculptors in Quito and of musicians in Caracas, in 1974 on the topic of "Latin America and Its Culture" in Mexico and in 1976 on stage shows and festivals in the Latin-American countries. In 1975 in San Jose (Costa Rica) the UNESCO conference on mass communications media was held, at which a resolution was adopted on the protection of the independence of information in these countries. At the initiative of UNESCO, in January 1978 an intergovernmental conference on cultural policy issues in the countries of Latin America and the Caribbean Basin was held in Bogota (Colombia) with the participation of 150 delegates from 28 countries of the area, including 16 culture ministers.

The countries of the area participated in the UNESCO conference in Nairobi (Kenya) on information and cultural issues in the developing countries. Several Latin-American countries (Cuba, Mexico, Peru) participated in the first (January 1977) and second (April 1978) conferences held by the

Coordinating Committee for Information Agencies from the Nonaligned Countries. As we know, the Western countries work against the idea that information services in developing countries should be independent and promise them to transmit "their experience" to them. In defiance of this position, at the second conference 45 developing Asian, African and Latin-American countries signed the agreement on interchange of information.

All these acts attest to the fact that the United States' attempts to recover positions it has lost in this area by means of an ideological offensive have been unsuccessful. The raising of the consciousness of the popular masses in the area and the intensification of the anti-imperialist struggle have made Yankee imperialist attempts to ideologically subjugate Latin America, to ideologically disarm the revolutionary forces of those Latin-American countries pursuing a policy of ideological neocolonialism futile.

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CSO: 3010

RISQUET HONORS SAILORS, PORT WORKERS WITH FAR AWARD

Havana GRANMA in Spanish 6 Sep 80 p 2

[Speech by Central Committee Member Jorge Risquet]

[Text] Speech delivered by Jorge Risquet, member, Communist Party of Cuba Central Committee Secretariat, during the ceremony awarding the "20th Anniversary of the FAR [Revolutionary Armed Forces]" Commemorative Medal to the seamen and port workers who transported the internationalist troops; the ceremony took place yesterday, Thursday, 5 September 1980 [as published] in Cacahual, in the city of Havana.

Comrade Commander of the Revolution Guillermo Garcia, Political Bureau member; comrades generals of divisions Senen Cases and Sixto Batista and brigade generals Ulises Rosales and Calixto Garcia, Central Committee members;

Dear comrade seamen and port workers:

We are gathered here today at this venerated site--the resting place of the remains of General Antonio.

I recall the first meetings, upon the arrival of each vessel of our Merchant Marine at Luanda, full of fighting men eager to go into action against the hated enemy who was trying to wrest from Angola its independence which it had won after centuries of tenacious resistance to the colonialist invader.

Neither the long crossing, nor the tough living conditions which the fighting men of an entire regiment experienced as they traveled crowded into a space where the analysts in the Pentagon had figured we could squeeze only one battalion, managed to dampen the enthusiasm of our men, their revolutionary ardor, their determination to express on the battlefield the internationalist feeling which filled their hearts as Cubans educated by Marti,

Maceo, and Gomez, by Julio Antonio Mella and Pablo de la Torriente Brau, by Che and Fidel.

The grandsons of Gen Antonio Maceo had come to the land that gave birth to the ancestors of Gen Antonio Maceo in order, together with the Angolan people, to fight the final battle for its independence!

This firm determination and the eagerness to go into battle filled not only those--mobilized workers or regular soldiers--who were organized in the military units but also you, the crew members of our ships and the port workers whose mission was no less indispensable, that is, to transport the internationalist troops and to unload logistic material.

There were quite a few cases when seamen and port workers tried to get assigned to some mission on the battle front. Those who managed to obtain this privilege rarely returned to the port at the end of their mission which was limited in terms of time and which had been assigned to them.

We found them in various parts of Angola, quite far from the Port of Luanda.

When we were getting ready to vote for our Socialist Constitution, in Cabinda, in a field polling place set up so that our troops might participate in the referendum which was taking place in Cuba, we ran into a stevedore who had somehow managed to leave the port and who had joined our infantry.

On the highway leading to Quibala we saw that our crew members, our merchant ship officers and captains knew how to be magnificent drivers of trailer-trucks loaded with the implements of war.

In San Antonio de Zaire, when the mercenaries were being wiped out by the impetuous advance of Angolans and Cubans, among the first to arrive on the banks of the Zaire River, raising the victorious banner of the MPLA [Popular Movement for the Liberation of Angola] in the northwest corner of Angola, were seamen, old friends, veterans of the internationalist mission in the Congo in 1965.

The vast majority among you, who were forced to remain in the ports, quite reluctantly at that, working on ships or on the piers, strongly insisted on marching to the front line. It was not easy to convince you that your battle station was precisely there, on the ship and on the pier.

We realized that nobody wanted to resign himself to playing the role of constituting the rear guard of our FAR--although that role is as necessary and honorable as that of the fighting men--when the Cuban troops, together with the FAPLA [People's Armed Forces for the Liberation of Angola], stopped the enemy's advance during those difficult days of November and December 1973; when, later on, during the victorious months of February and March 1974, we pushed the haughty South African hosts back, forcing them to the other bank of the Cunene, once and for all destroying the

myth of superiority and invincibility of the White racists and mercenaries in Africa.

Only after the defeat of the South African racists did we again see those seamen and port workers who had taken the opportunity to represent their comrades in the fighting lines; now they once again returned to their jobs as crew members or as part of the stevedore gangs.

We all recall those months close to the First Congress of our party, when Angola's independence was seriously threatened.

With emotion we all remember those months close to the First Congress of our party when Angola's independence was seriously threatened as a result of the invasion of the troops of the South African republic and the puppet hands in the service of the CIA, which, upon the request of the MPLA and the unforgettable leader of the Angolan people, Dr Agostinho Neto, Cuba organized a military assistance operation without precedent among the revolutionary countries located in such distant latitudes.

Just 2 years later, with similar sinister intentions, the imperialist adventure was repeated further to the north, in Revolutionary Ethiopia. On that occasion, together with other internationalist peoples, Cuba contributed its share of sacrifices and blood to prevent the chauvinist dreams of "Greater Somalia" from becoming reality, in other words, the annexation of a large part of Ethiopian territory and the strangulation of the revolutionary process launched by the long-suffering and valiant Abyssinian masses, aimed at winning liberty and social justice, wiping out centuries of poverty, hunger, and backwardness into which they had been plunged by the successive monarchic-feudal governments.

The events which reached their high point with those two great victories of the revolutionary movement--with full justification labelled the true African Bays of Pigs for imperialism--are known and we need not go into detail on them here.

However, short though this reference may be, we cannot help note that both events proved the universal validity of proletarian internationalism as a decisive factor in the current fight against imperialism and as an indispensable weapon of proven effectiveness in the hands of the revolutionary peoples so that they may preserve their gains against the armed aggressions of their enemies and so that they may promote collaboration and reciprocal aid in the most varied spheres of the construction of the new society.

The internationalist aid given in Angola and Ethiopia--through the eloquence of the hundreds of thousands of Cubans who volunteered--revealed the degree of awareness attained by the Cuban people from whose midst sprang its valiant and generous sons, ready to fight thousands of kilometers away from their own soil and offer their blood for the just cause of other peoples.

This also demonstrated the efficiency, energy, and initiative which the workers and the technical and management personnel of the various sectors of the economy are able to display, in order to provide backup support for the various logistic operations connected with any military operation of this kind, something which cannot be handled with the resources of the armed forces alone.

Our people loves and yearns for peace in order fully to devote itself to creative work but it knows how to arise as one man, to put on the soldier's garb, and to take up the gun when the fatherland summons it to battle in defense of its own independence or the liberty of other fighting peoples!

Dear Comrades:

We feel profound emotion and intense joy as we meet with you, the seamen and port workers, outstanding fighting men of a seasoned sector of our working class, on this solemn occasion, as the Council of State awards to you the 20th Anniversary of the FAR Commemorative Medal, in recognition of the valiant and self-sacrificing attitude displayed in the accomplishment of the assigned mission. You helped Cuba do its internationalist duty in Angola and Ethiopia at the critical moments when your brother peoples were attacked by forces in the service of imperialism and international reaction.

The award you are getting today therefore is the expression of the recognition and gratitude of the leadership of our fatherland and of our socialist state for the maritime and port workers for the valuable service rendered to the cause of internationalism.

Without the ingenious solutions worked out for numerous problems deriving from the preparation of the ships to carry the troops and the necessary equipment, as well as the rapid loading and unloading of all the equipment indispensable for combat operations by the internationalist units, it is very doubtful that the optimum results, with which we are so satisfied today, would have been achieved.

Overcoming the fatigue of long working days and displaying militant discipline, the maritime workers and dock workers involved in these military operations made it possible for this sector to function with the kind of precision and efficiency demanded in war. Because of that, our ships, crewed by men with hair on their chests, who calmly and with valor defied the risks of an uncertain crossing, sailed the oceans, arriving at their destination by the required deadline, without any indiscretion that might have enabled the enemy to detect our action in support of those brother countries.

Thus our ports and our merchant fleet--like the rest of the country--became the reliable rear guard of the Cuban internationalist fighters and their workers competed in terms of courage and determination with the men who on the various fighting fronts and in close cooperation with the attacked peoples inflicted the most crushing defeats upon the enemy.

It is highly encouraging that such a large number of maritime workers and dock workers earned this high award.

The award of the medal which you have just received is based not only on the understanding attitudes which the masses usually boast of at high points in the revolutionary fight but also on the equally outstanding conduct you displayed in the daily battle, the no less heroic struggle to achieve efficiency in your respective work sectors and thus to accomplish the goals which the party and the revolutionary government are establishing for each phase.

In accordance with these criteria, the medal you are getting today is even more significant since it represents not only recompense for the heroic and self-sacrificing effort which you made at a certain historical moment but also --and this is even more difficult and more meritorious-- recognition of the anonymous work done each day over several years of hard work throughout which you struggled without interruption in order to implement, in the ports and in our fleet, the guidelines and directives issued by our party so as to turn this sector into a bulwark of the country's economic growth.

It is highly encouraging that such a large number of maritime workers and dock workers earned this high award because this means that the country has a prestigious and seasoned vanguard among the workers of this sector, capable of influencing, through their example and their prestige, the rest of their comrades toward the solution of the problems and difficulties which we still face on this front of the economy and which are having repercussions on the rest of the country.

This event is taking place at a moment when our entire nation with growing interest and jubilant amazement follows the work achievements of the port workers.

Summoned to the production battle by their union, the union of Atacelilo Iglesias, and by their Communist Party, the dock workers have done a tremendous job which was necessary, in the past three months handling 2.2 million metric tons of imported commodities which had to be unloaded from the ships and which then had to be loaded on land transportation equipment.

This formidable production record is the common work of the dock workers, the automotive and railroad freight transport workers as well as the workers in the warehouses connected with the domestic economy, that is to say, scores upon scores of thousands of proletarians who work in the chain running from the ports to the transportation industry and to the domestic economy, a chain through which flows the circulating torrent of raw materials, materials, equipment, complete plants, and popular consumption articles which the country requires abroad.

By achieving this tremendous advance, the dock workers placed themselves at the head of the production effort of our working class, stimulated by the recent example of the massive worker and popular mobilization to (1) (2) (3) (4) (5) (6) (7) (8) (9) (10) (11) (12) (13) (14) (15) (16) (17) (18) (19) (20) (21) (22) (23) (24) (25) (26) (27) (28) (29) (30) (31) (32) (33) (34) (35) (36) (37) (38) (39) (40) (41) (42) (43) (44) (45) (46) (47) (48) (49) (50) (51) (52) (53) (54) (55) (56) (57) (58) (59) (60) (61) (62) (63) (64) (65) (66) (67) (68) (69) (70) (71) (72) (73) (74) (75) (76) (77) (78) (79) (80) (81) (82) (83) (84) (85) (86) (87) (88) (89) (90) (91) (92) (93) (94) (95) (96) (97) (98) (99) (100) (101) (102) (103) (104) (105) (106) (107) (108) (109) (110) (111) (112) (113) (114) (115) (116) (117) (118) (119) (120) (121) (122) (123) (124) (125) (126) (127) (128) (129) (130) (131) (132) (133) (134) (135) (136) (137) (138) (139) (140) (141) (142) (143) (144) (145) (146) (147) (148) (149) 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We are now witnessing a high point in the mobilization of the masses, a moment of major increase in the production effort, a moment where we strengthen labor discipline, a moment of increased labor productivity, of higher aggressiveness and of the revolutionary awareness of the people.

Free from a good portion of the pollution of the environment, we now breathe the clean and reviving air of our revolution.

We detect this environment of work and effort in our ports. The broad chests of the proletarians, on whom we today pin the 20th Anniversary of the Revolutionary Armed Forces Commemorative Medal, are full of the pure air of the revolution.

Yesterday, the missions assigned, full of risks, sacrifices, and hardships, were accomplished with firmness, without hesitation, in a manner befitting the sons of our valiant people and as demanded by the glorious traditions of our working class.

Today, with that same spirit and with the enthusiasm of the men of the Moncada [Barracks], of Granma, of the Rebel Army, of the Bay of Pigs and of the internationalist fighting men, we must face and win the battle of the economy which is the definitive battle for the country's development.

Allow me, comrades, to congratulate you in the name of the Party's Central Committee, the government, the FAR minister and the commander-in-chief for the services rendered to the fatherland which are symbolically summarized in the medal which you have been awarded and which hereafter you will be able to display on your chests with legitimate revolutionary pride.

We urge you to redouble your efforts in the important and responsible tasks in which you are involved now and those which you will have to face in the near future.

We are sure that the dock workers will maintain and increase their magnificent contribution to our economic development and we are sure that the seamen, the standard bearers of the revolution on the high seas of the world, will not fall behind.

Always wear the 20th Anniversary of the FAR Medal with honor!

Long live our glorious Revolutionary Armed Forces!

Long live our Communist Party!

Long live proletarian internationalism!

Long live Fidel!

Fatherland or death—we shall win!

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## WORKERS PLEDGE EFFORTS TO HONOR SECOND PCC CONGRESS

Havana BOHEMIA in Spanish 15 Aug 80 pp 16-23

[Article by Gloria Marsan Sanchez: "41 Industrial Projects"]

[Text] "There is not a single industry, no matter how large or complex, that we cannot build. I think that must be a cause for satisfaction for all our people, especially our construction workers." Fidel

Many new factories of different types and factory expansions have gone into operation throughout the country during this 5-year period: textile factories, powerplants, steel plants, yeast processing factories, fertilizer plants, etc.

## Problems

Although the situation is improving now in response to Fidel's call, MICONS (Ministry of Construction) last year planned to finish 147 industrial projects but only finished 70. This affected the total plan which reached 280 million pesos. The cause for these problems was basically lack of supplies for complete factories and other nationally produced supplies.

Nevertheless, in addition to these factors, there are other known problems like shortage of manpower and low productivity, underutilization of equipment, organizational problems--especially in construction processes--and inadequate technical documentation by the investor organizations.

The priority of the industrial projects and the significant resources that the government allocates for the construction of these projects which are essential for national development must meet a good response in the organization and use of the work force, equipment and materials.

In response to Commander in Chief Fidel Castro's speech last 1 May, the Cuban workers are converting revolutionary energy into productive strength.

The industrial projects construction workers remain in front, building projects that will guarantee fulfillment of the 5-year plan.

In assemblies held at each one of the 41 industrial projects, 30 of which should be finished or have new capacity in 1980, the workers made concrete commitments to fulfill or overfulfill the technical-economic plan and lower the absenteeism rate to less than 3.3 percent. In this way, they will meet the important goals they set throughout the country as a salute to the Second PCC [Communist Party of Cuba] Congress.

Investor: MICOM

#### Karl Marx Cement Plant

A cement plant is being constructed in the Guabairo zone of Cienfuegos Province with technology and advice from GDR technicians. Costing more than 150 million pesos, it will produce 1.65 million tons per year, twice the installed capacity in Cuba in 1958.

This work is being done by Brigade 5 of Industrial Projects Construction Enterprise [IPCE] No. 6 of Cienfuegos which includes 15 brigades of Young Soldiers Ready for Production. This labor force recently put the first line of that plant into operation and tests of the second line are already being done.

The 3,400 builders of the largest cement plant in the country redouble their efforts to finish the second and third lines of production as a salute to the Second Party Congress. It was planned that both would start tests between July and November of this year.

#### Rene Arcay Plant

Brigade 31 of the IPCE of Havana is building the new Rene Arcay Plant that will process 1.4 million tons of cement per year. This construction is basically an expansion of the oldest plant in the country, the adjacent Rene Arcay Plant which has an annual production of about 380,000 tons.

Although there will not be high exploitation of its production capacity in the initial months, this unit will mean a powerful contribution in the production of 3 million tons proposed by this branch nationally for the end of 1980. Therefore, its builders are trying to fulfill the goal of finishing it as a salute to the Second Party Congress.

#### Rock Crushers

Also in the construction materials sector, there is the El Cacao Rock-Crushing Plant located near the town of Santa Rita in Granma. The workers of IPCE No. 10 of this province propose to finish it as a salute to the Second Party Congress.

The workers of IPCE No. 4 are building the Alacranes plant in Matanzas Province. They propose to salute the Second Party Congress by creating new capacity before the end of 1980.

The total production of these plants which use Spanish technology will be 1.22 million cubic meters per year of crushed rock, processed sand, granite and aggregate when they reach full capacity. The automation in this industry demands a highly skilled labor force: electrical engineers, industrial mechanics, etc.

#### Feldspar Plant

The sodium feldspar plant in Holguin was begun in 1976 by the workers of Brigade 14-B of IPCE No. 9 who propose to finish it in September 1980 as a salute to the Second Party Congress.

The total value of this plant which uses Bulgarian technology will reach 2,551,000 pesos. When finished, it will employ 56 workers and 2 technicians who will guarantee the 20,000 tons of sodium feldspar that it will produce annually.

All the production will be basic raw material for the glass packaging factory in Las Tunas and the sanitary fixtures factory in Holguin.

Investor: Ministry of Light Industry

#### Textile Factory in Santiago de Cuba

The workers of Brigade 32 of IPCE No. 11 of Santiago de Cuba who are building the textile complex in that province committed themselves in a production assembly to advance termination of this project by 6 months. They propose to finish it by 26 July 1983.

This commitment puts demands on all the productive forces of the labor group which, as a salute to the Second Party Congress, proposes to fulfill a plan of 12.1 million pesos. The total value of the project is more than 200 million pesos; at full capacity, it will produce 80 million square meters of fabric and will employ 7,000 workers.

This will be the largest textile complex in the country. It was planned by EPI Institute No. 3 of Leningrad and the project receives technical assistance from specialists of the Soviet Ministry of Light Industry.

#### Spinning Mill

A spinning mill is being built in the Wajay zone near Havana. It is planned by the Soviets who are providing technical advice through some 40 specialists. The investment in this modern plant totals more than 120 million pesos. Brigades 33 and 34 of IPCE No. 3 of Havana are building it.

When the plant reaches full capacity, it will produce 15,000 metric tons of yarn per year to supply the textile factories in the western part of the country. This can increase national production to 90 million square meters of fabric.

Completion of this project is planned for 1982; as a salute to the Second Party Congress, the builders propose to complete important project objectives. They have also committed themselves to finish the roofs by 1 October using special assembly equipment. This will make it possible to transfer that equipment, being used for the first time in Cuba, to the textile factory being constructed in Santiago de Cuba.

#### Bellotex

The workers of the Matanzas brigade of IPCE No. 4 are involved in building a textile factory in that province. They propose to complete it this year as a salute to the Second Party Congress.

This factory which uses Soviet technology will have a total capacity of 19 million cotton sacks. The cost of the plant is estimated at 18 million pesos. They are working hard in the production areas and others in order to meet the proposed goal.

#### Ariguanabo

Workers of Brigade 36 of IPCE No. 2 of Havana Province are working on the expansion and modernization of the Ariguanabo Textile Factory. They propose to work hard on this project as a salute to the Second Party Congress.

This investment based on Soviet technology will be worth about 52 million pesos. When its production becomes stable, it will expand the industry's annual raw textile capacity. The project timetable is now 22 percent complete.

Investor: Ministry of the Sugar Industry

#### Bagasse Boards

Next to the Primero de Enero Sugar Mill in Ciego de Avila Province, a factory of bagasse boards made of pressed cane is being built. The factory will cost more than 13 million pesos; total capacity will be 120 tons of boards from 19 to 25 millimeters thick per day. These can be used for finished panels covered with plastic, special paper, natural wood veneer or varnish.

When comrade Fidel Castro visited this project in April 1978, the project timetable showed completion by the end of 1979. At that time, fulfillment was considered possible. Subsequent problems delayed its completion.

The total production of this factory will be used for the construction of furniture and as raw materials for construction, replacing imported products. For this reason, the industrial projects builders of Integral Enterprise No. 1 of Ciego de Avila fight to overcome the delays and plan to finish it as a salute to the Second Party Congress.

Investor: Ministry of Public Health

#### Semisynthetic Antibiotics

Near the intersection of Via Monumental and Carretera Central, the workers of Brigade 3 of IPCE No. 3 of Havana are building a plant for the production of semisynthetic antibiotics. It is the first stage of a pharmaceutical complex which will include five other installations.

At a cost of more than 5 million pesos, this industry using modern Italian technology will produce 40 tons annually of different types of penicillin, basically to satisfy domestic demand. It will also help create exportable stock.

Due to problems with earth movement equipment, this project was begun late. There were also problems with the production of some atypical parts by the prefabrication plant. The builders are making extraordinary efforts to overcome the delay and finish in 1980 as planned, as a salute to the Second Party Congress.

Investor: Ministry of the Food Industry

#### Citrus Complex in Jaguey Grande

This project will have Polish and Spanish parts and, at full capacity, will be able to process 136 tons of citrus--grapefruit, oranges, mandarin oranges and lemons--per hour for juice, jam and essential oils. The total cost of the plant under construction is more than 4 million pesos.

The most important objective is the refrigeration plant since it will guarantee storage capacity; its machine room will also supply refrigeration to the evaporators in the production building. The workers of IPCE No. 4 of Matanzas are building it; they propose to salute the Second Party Congress by working to finish some of its capacity.

#### M. H. Toscano Meatpacking Plant

The M. H. Toscano Meatpacking Plant is also being constructed for the Ministry of the Food Industry, but this time by workers of IPCE No. 5 of Camaguey. It is an expansion with a technical-economic plan of about 500,000 pesos.

Its builders hope to finish it this year as a salute to the Second Party Congress but physical progress is very slow. This delay is not due to the

builders but to problems in the delivery of plans and other supplies from the investor.

#### Glucose Factory

The workers of IPCE No. 6 of Cienfuegos are building this factory using Swedish technology. Its total capacity will be 90 tons of gluten, edible starch, etc., every 24 hours. The factory will have three shifts and will generate employment for 143 workers and 16 technicians.

The total cost of the factory is about 16 million pesos. It has 32 construction objectives. Of these, 7 are finished, 22 are under construction and 3 remain to be started. The builders of the beautiful Ciudad del Mar work hard for its completion and tests since they propose to finish this project before the end of the year as a salute to the Second Party Congress.

#### Candy Factory

The candy factory in Pinar del Rio is being built by the workers of IPCE No. 1 of that province. Based on Spanish technology, this factory has an investment of more than 4 million pesos. When it is in full operation, it will be able to produce 16 tons of soft caramels every 16 hours. It will have a total of 134 workers--which includes 9 technicians--in two shifts.

The floors and walls of the production buildings are being laid now and the prefabricated sections of the energy plant are being assembled. The builders propose to finish it by the end of this year as a salute to the Second Party Congress.

Investor: Ministry of Communications

#### Semiconductors Plant

The total value of the semiconductors plant in Pinar del Rio is more than 17 million pesos. It uses Spanish technology but some of the plans are Cuban. At full capacity, it will produce some 37,000 transistors, integrated circuits, etc.

There are some problems with the transfer from Havana of the slabs and the supply of some plans. Nevertheless, as a salute to the Second Party Congress, the workers of IPCE No. 1 propose to make up for the time lost and be on schedule by the end of 1980 so that it can enter into production by 1983 as planned.

Investor: Ministry of Domestic Trade

#### Agricultural Meatpacking Plants

IPCE is building seven agricultural meatpacking plants for domestic trade. In five of them, the builders have made commitments to salute the Second

Party Congress. Those in Pinar del Rio, Havana (Habana del Este) and Matanzas propose to complete them this year while those in Camaguey and Havana (La Lisa) will only provide partial capacity. This last is based on Cuban technology and plans.

The meatpacking plants in Matanzas, Habana del Este, Pinar del Rio and Camaguey use Bulgarian technology. Each has a total storage capacity of 25,000 cubic meters, except the one in Pinar del Rio which will only have 12,500 cubic meters. An average of 180 industrial projects construction workers work on each one of these buildings. The value of each building is more than 6 million pesos. They will employ three shifts with an average of 127 workers for each plant.

Investor: Ministry of Agriculture

#### Citrus Packing

The industrial projects construction workers will build six citrus packing plants in the country before the end of next year; as a salute to the Second Party Congress, they propose to complete the Agramonte plant in Matanzas Province. The Havana and Contramaestre plants are now at the earth movement stage while the Jaguey Grande, Cienfuegos and Ciego de Avila plants are still in the planning stage.

The Agramonte packing plant is being assembled with national equipment although some components are imported. It has two lines of production capable of processing a total of 40 tons of citrus per hour. The double packing plants of Ceiba II in Havana and Contramaestre II in Santiago de Cuba will have similar technology and capacity.

Two packing plants with the same technology as above but with a single line of 20 tons per hour are being built in Cumanayagua, Cienfuegos Province, and Moron, Ciego de Avila Province. The Jaguey Grande packing plant uses Spanish technology and has a single line capable of processing 40 tons of citrus per hour. These five packing plants must provide the capacity for the 1981 citrus harvest. Cuban construction is used for all these projects. When they begin production, they will employ an average of 100 workers each, distributed in three shifts.

#### Feed Factory

As a salute to the Second Party Congress, the workers of IPCE No. 6 of Cienfuegos propose to accelerate construction of the feed factory in that province which will be part of the industrial complex in the port area.

Located next to the wheat mill which is already in production, the feed factory uses Spanish technology. It will have a total investment of 10 million pesos, of which 3.3 million correspond to foreign supplies. When it reaches total production, it will be able to process 50 tons of feed per

Investor: Ministry of Basic Industries

#### Electrical Energy Development

The investment process in this sector remains uninterrupted. It must advance ahead of the rest of economic development. Therefore, other units will continue to be incorporated to existing units in the coming years. This includes a new powerplant northeast of Havana and the Cienfuegos nuclear powerplant which, at the end of the next 5-year period, should put two blocks into operation that will generate 440 megawatts each. Plans for these are being worked on now.

#### Maximo Gomez Powerplant

The total expansion of the Maximo Gomez Powerplant in Mariel will mean an increase in national generation capacity of about 75 percent more than in 1958. Soviet technology and advice are used for the units assembled there; the work is being done by Brigade 10 of IPCE No. 2 of Havana.

These projects began in 1963 with the first unit assembled in 1966. There are now four units of 50 megawatts each assembled and No. 8, now under construction, is in a critical situation concerning supplies. This makes its completion this year impossible.

#### 10 de Octubre Powerplant

The 10 de Octubre Powerplant in Nuevitas, Camaguey, uses Czechoslovak technology and advice for industrial assembly is received from that fraternal country. The industrial expansion started in 1975 and industrial assembly in 1976.

One after another, the new units were synchronized. This year the builders, as always animated by an iron will to continue their progress, propose strong acceleration for the units now under construction as a salute to the Second Party Congress.

#### Antonio Maceo Powerplant

The Antonio Maceo Powerplant in Santiago de Cuba is being expanded by Brigade 30 of IPCE No. 11. Units 3 and 4 of 100 megawatts each are already finished.

The Santiago builders are now involved in work on Unit No. 5; the power will increase again with its synchronization. Using Soviet technology and advice, the workers propose to accelerate this project as a salute to the Second Party Congress.

### Nickel Plant

The nickel plant under construction at Santa Gerda, 9 kilometers from Moa, also belongs to the Ministry of Basic Industries. This is a Soviet plan constructed with Soviet advice and technical aid. It includes the construction of several industrial projects.

The Santa Gerda installation has nine departments that include more than 120 workers. One of these departments is in the port and answers to the petroleum and chemical base. The remaining eight are located on the industrial platform. They are: one preparation plant; reaction furnace; division for washing and recuperation; energy complex; finished products; administrative and auxiliary installations; and the main building.

The first line of production should be installed in the third quarter of 1961 and the rest in the fourth quarter of 1961. For this reason, its workers want to give special acceleration to the project as a salute to the Second Party Congress with the objective of fulfilling the outlined goals.

### Mechanical Complex

The metallurgical complex in the town of Iba will be the largest installation of its type in the country. Its objective will be the repair and maintenance of technological equipment, machines and transportation equipment, not only for the nickel plant but also the entire mining-metallurgical complex.

The complex will also have general repair shops, foundry mechanics and an acetylene producing station. Problems have arisen in the project, basically in the construction sequence because of untimely delivery of structures and other elements for assembly completion.

This industrial complex should be partially finished in 1961 and completed in the following year. The builders, as a salute to the Second Party Congress, will accelerate construction with the objective of making up for the delay in order to be able to finish it within the proposed timetable.

### Glass Packaging Plant

The largest glass packaging plant in the country is being built in Las Tunas Province. Using Belgian technology, it will be completely automated and will produce 300 million glass containers per year in an assortment of more than 25 items. This will satisfy the total demand of the development of the food industry as well as provide some lines for the pharmaceutical and perfume industries. Half of its production will use recycled glass.

It was visited by Commander in Chief Fidel Castro in April 1970. He expressed the need to advance the timetable for completion from 1981 to 1980. He explained that the equipment was in Cuba and, given the importance of the project in the replacement of imports, this equipment must not remain idle for almost 3 years.

The builders recently confirmed in a general assembly that they will fulfill the commitment to the top leader of the revolution and finish this important project 1 year in advance as a salute to the Second Party Congress.

#### Lubricant Mixture Plant

The workers of IPEC No. 13 of Santiago de Cuba are building a modern lubricant mixture plant. This industry which is part of a chemical complex will help replace imports in this important sector.

The builders work enthusiastically and propose to finish the project as a salute to the Second Party Congress if there are no problems with resources that are expected to arrive on time.

#### Toilet Paper Factory

The workers of IPEC No. 4 of Matanzas are building a toilet paper factory in the town of Cardenas. The builders, as a salute to the Second Party Congress, are making extraordinary efforts to overcome the problems that the project has suffered. However, due to the lack of indispensable supplies for its completion, it cannot be finished this year.

#### Paper Complex

"This project cannot be delayed" is the motto of the builders of Sancti Spiritus, Villa Clara and Cienfuegos who are working on it. The commitment is that it will start production at the beginning of 1982 since the agreement with the French stipulates that the \$86 million for importing its parts will be paid for with factory production.

The chemical complex will produce 50,000 tons of paper and 18,000 tons of bleached paper pulp per year. This will save the country 25 million pesos annually and will also create exportable stock for the freely convertible area.

The total cost of the project will be more than 130 million pesos. This includes the two factories in the complex: one will process the bagasse from the Dracay sugar mill to obtain bagasse pulp, the raw material that the other will use to produce high-quality paper.

However, the labor force alone cannot win this race against time. It is necessary to overcome problems not connected with the workers like the delay in the delivery of plans and some parts and the arrival on time and in

the correct form of the rough structures and equipment. If these aspects work out, we are sure that the builders, using different strategies for the spring which has already arrived, will make up for lost time in the schedule and fulfill their commitment as a salute to the Second Party Congress.

#### Acetylene Plant

An acetylene plant is being built by Brigade 12 of Miscellaneous Projects at kilometer 3.5 of the highway to Manicaragua in the town of Santa Clara. It belongs to the Enterprise for Construction and Maintenance of Basic Industries.

Using Cuban technology, this project has an estimated value of 1 million pesos. When it reaches full capacity, it will produce 322,560 cubic meters of acetylene per year. The builders, as a salute to the Second Party Congress, propose to accelerate some objectives in order to be able to finish it at the beginning of the next 5-year period.

Investor: Ministry of the Steelworking Industry

#### A Factory of Factories

The metallic structures factory that is being built in Las Tunas uses Soviet technology and will cost 18 million pesos. When it is operating at full capacity, it will produce 20,000 tons of structures annually for the construction of different types of factories.

According to the construction timetable, this project was to begin operations at the end of 1960. When Commander in Chief Fidel Castro visited it the first time, the builders agreed to advance its completion by 1 year. As proof of their great effort, after this commitment they won the Ho Chi Minh red banner, top award of the National Construction Workers Union, in the Special Industrial Projects Emulation.

When comrade Fidel Castro visited again in April 1970, he was surprised at the progress of the project since his first visit. Nevertheless, that rate could not be maintained; problems with the climate and supplies hindered it. However, the workers did not lose their enthusiasm in spite of this setback. At a recent assembly, they made a new commitment and propose to complete it in the third quarter of the present year as a salute to the Second Party Congress.

#### Gray Iron Foundry

The "first iron" iron and malleable cast iron foundry in Cuba is being constructed in the city of Guantánamo. It is the most important industrial project in the province. Using Fuller technology, it is a classic plant for foundries of this type.

The construction and the assembly are under the workers of the Gray Iron and Malleable Cast Iron Brigade of the Industrial Projects Office of Architectural Projects Construction Enterprise No. 23.

The total cost of the project is about 12 million pesos. It will produce machined elements, connections for aqueducts, sewer grates and other parts. These parts which Cuba consumes in great quantities are imported from markets in the dollar area. Thus, the foundry will mean a great savings in foreign currency and will guarantee the supply of parts. For this reason, the builders propose to finish it as a salute to the Second Party Congress.

#### Antillana de Acero

Thousands of men of the 1st Brigade of the IPCE of Havana are working on the second stage of the expansion of the José Martí Steel Complex. They propose to finish it as a salute to the Second Party Congress.

This project basically includes the installation of a new laminator, an iron foundry, an oxygen plant, etc. Using Soviet technology, this investment totals more than 20 million pesos and its annual production will be 60,000 tons of different types of steel.

#### Agricultural Implements Factory

Brigades F-14, 14-A and 14-B of IPCE No. 9 of Holguín propose to finish the agricultural implements factory in that province as a salute to the Second Party Congress. It is valued at more than 23 million pesos.

Using Bulgarian technology, this modern factory will supply important agricultural implements for land preparation and cultivation as well as parts and accessories for the different equipment that it will produce: plows, harrows, sowers, flailmowers, mowers, rakes, etc.

#### To Produce Sugar Complexes

When the workers of Brigade 17-A of IPCE No. 9 of Villa Clara finish expansion of the Patria Agraria Noriega Mechanical Production Enterprise, the country will have a steelworking complex capable of manufacturing almost all the equipment for the Cuban sugar industry.

This is one of the industrial plants that will be finished in the next 5-year period but its builders, aware of its importance for the development of the national economy and as a salute to the Second Party Congress, will try to accelerate work on the area where the **/tandem/** [in boldface], one of the most important processes in the expansion, will be produced.

This complex which uses Soviet technology receives advice from about 15 Soviet specialists. It will cost 120 million pesos and can bring in more

than 30 million pesos per year. Completion is planned for the third quarter of 1964.

The goal of the workers is not easy to fulfill. There are serious problems like lack of supplies which has already produced a standstill in the assembly of some structures, plans that are received late and the unpredictable rains of our climate. However, they are used to winning as demonstrated by the construction of the Desembarco del Granma Textile Complex 1 year in advance. They are confident of meeting the goal they have set.

The Cuban builders work hard on all the projects in Cuba but the workers, technicians and professionals who work on the industrial projects redouble their efforts because they know the vital importance these have for the economic development of the country.

The revolutionary government invests hundreds of millions of pesos in the industrial projects. Many of them mean the elimination of imports, others decrease imports greatly and many even create exportable stocks. As a whole, they directly or indirectly produce goods for the people.

Thus, the industrial projects construction workers double their revolutionary energy facing each new aggression, converting it into productive strength. As a salute to the Second Party Congress, they have committed themselves to finish 23 projects, create new capacity in another 7 projects and strongly accelerate 11 others that will be finished in the next 5-year period. They are aware that each finished industrial project is a front-line trench against the aggressive blockade that Yankee imperialism has imposed on us.

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## WAGE REFORM BEING IMPLEMENTED SLOWLY

Havana TRABAJADORES in Spanish 19 Aug 80 p 1

[Article by Renato Recio]

[Text] The process of introducing the general wage reform in major production sector working districts is progressing at a visibly slow pace and does not correspond to objective possibilities.

The above assertion by the Economics Department of the National CTC [Central Organisation of Cuban Trade Unions] is the result of a comparison of high-level involvement relations and a revision of regulations which has been going on with the small number of workers who have benefited from the wage reform up to now, excluding from this comparison of activity in the fields of education, legislation and health.

With about 15,000 workers benefiting from the new wage scales, only Camaguey Province shows a satisfactory relationship between the number of workers involved and the volume of reform that has been introduced.

At the opposite end of the scale, we find the provinces of Holguin, Matanzas, Sancti Spiritus and Santiago de Cuba, which have not managed to apply even 1 percent of the reform relative to the number of workers involved.

Up to now, the total number of workers benefiting from the general wage reform throughout the country is approximately 55,000, while the total number involved is over 800,000, which indicates a ratio of 6 percent, really very low since the number involved may be considered to be the most important potential indicator.

According to what Lazaro Dominguez, the head of the CTC's Economics Department, told us, that labor organization has reiterated its concern and warns us against the tendency to present the provincial commissions with studies for introducing reform exclusively directed toward full enterprises, which has substantially limited its introduction in establishments that meet all the requirements and comprise large numbers of workers.

## COUNTRY JOINS MULTIFERT MULTINATIONAL ENTERPRISE

Havana JUVENTUD REBELDE in Spanish 27 Aug 80 p 1

[Text] Panama City (PL), 27 Aug—Panamanian Minister of Foreign Relations Carlos Ozores has received the documents confirming the corporate agreement for the constitution of MULTIFERT (Multinational Fertilizer Enterprise), which incorporates Cuba as a member of that multinational enterprise.

The ceremony was presided over by Minister of Foreign Relations Ozores and Cuban ambassador to Panama Miguel Braguera, who deposited the documents at the Ministry of Foreign Relations in the name of his government.

Braguera stressed the fact that, in delivering the documents confirming the constitution of MULTIFERT, Cuba has reiterated its conviction that it is engaging in an economic activity that could not successfully be achieved as an individual nation by any underdeveloped country and which involves a break with dependence on the big transnational companies.

Minister of Foreign Relations Ozores emphasized the fact that Cuba was one of the first countries to be incorporated into MULTIFERT and that its attitude and that of the country in which its headquarters is located, Panama, demonstrate that the will of these governments must prevail over the interests of foreign enterprises.

During the ceremony, held in the Ministry of Foreign Relations, the Cuban ambassador signed a 3-year renewal of the agreement, in the name of his government, which will make it possible to go on favoring the development of air transport between Cuba and Panama.

Also attending the ceremony were Agustin Chape, interim director of MULTIFERT, and Leonardo Kam, director of the Panamanian Ministry of Foreign Relations' international organizations, as well as other officials of that department, top civil aeronautics leaders and members of the Cuban diplomatic mission.

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CSO: 3010

## HAVANA CONSTRUCTION ENTERPRISES FAIL TO FULFILL THEIR PLANS

Havana GRANMA in Spanish 28 Aug 80 p 3

[Article by Jose Gabriel Guma]

[Text] Five Havana Ministry of Construction enterprises have failed to carry out their construction plans and, furthermore, their average wage was more than what had been planned, reflecting a drop in this important index used to measure economic efficiency.

During the period under analysis, the Architectural Projects Construction Enterprises (ECCA) behaved in the following way: Number 26, 74 percent; Number 34, 52 percent; Number 27, 97 percent; and Number 9, 98 percent. Moreover, Equipment and Accessories Repair Enterprise (EREA) Number 2 recorded a rate of productivity of 80 percent.

The above was made public at the Third Provincial Meeting of the MICONS [Ministry of Construction] Labor and Wage Organization, whose chief report was made by Manuel Cuesta, head of the Labor Organization of the national delegation of this organization in Havana.

In the document itself, it was noted that 1,266 gangs composed of 11,180 workers had been organized, representing 56 percent of the labor force directly involved in construction. On this point, the report indicated that the labor force is basically organized in gangs since only 357 workers are needed to set up a group in this way due to the fact that the irregular labor force amounts to 8,362 construction workers.

It was also disclosed that, by agreement, the wage scale allows for 867 gangs composed of 7,659 workers, representing 69 percent of those organized into gangs and 38 percent of the total labor force. In this effort, ECCA 6 and 7 have positively distinguished themselves, while the rest of the enterprises are considerably behind.

Mario R. Fumero of the administration of the MICONS Labor Organization gave a special talk at the plenary session, which was presided over by Jose A. Roque, secretary general of the Havana Construction Workers Union, and the closing words were delivered by Hector Jimenez, a member of the National Construction Workers Union Secretariat.

## BRIEFS

**CIEGO DE AVILA CALCULATING CENTERS**--On January 28, five calculating centers were opened in the province of Ciego de Avila. The centers are equipped with modern computer equipment and will help better economic controls in the area. The centers belong to various sectors: agriculture, the State Committee for Statistics, the Institute for Automated Systems and Computer Technology, the Ministry of Sugar and the Higher Agricultural Institute. The equipment includes CID-201-B minicomputers, designed and made in Cuba, tape printing and perforating equipment, and the punch cards for reading. These minicomputers can carry out 100 000 operations a second and have 32 000 positions memory. [Text] [Havana CUBA-ECONOMIC NEWS in English 1980 No 103 p 8]

**TUNA CATCH FOR 1979**--A total catch of 7 500 tons for the year 1979 meant that Cuba's tuna fleet had surpassed its plan by 14 percent. Over the twelve months of the year, fishermen of the fleet made 487 outstanding catches double the norm set per boat/day, and of those 110 were national records. Programmed to fish over a period of 100 days in all, the twenty boats of the fleet fished on 105 days, and were proclaimed Best Ocean Going Fleet in the "Al Rojo Vivo" emulation campaign sponsored by the National Trade Union of Merchant Marine, Ports and Fishing Workers. [Text] [Havana CUBA-ECONOMIC NEWS in English 1980 No 103 p 14]

**NEW HAVANA FLOATING DOCK**--A new Soviet floating dock belonging to the Maritime Repairs Enterprise (ETAMAR) went into operations as the Emiliano Diaz gas transporter of the Caribbean Shipping Line docked there. This was on January 7, when its full haulage capacity of 4 500 tons was being used. The dock is 100 meters long by 31 wide. Self-propelled, it has four generators, plus a kitchen, dining room, cabins and auxiliary equipment. The dock is to be used not only by Cuban boats but also by any foreign boats that require servicing in some form or other. [Text] [Havana CUBA-ECONOMIC NEWS in English No 103, 1980 p 14]

**ISLE OF YOUTH INFANT MORTALITY RATE**--Health workers on the Isle of Youth scored a notable success during the year 1979 by lowering the infant mortality rate to 14,8 per 1 000 live births by the end of the year. The figure is an especially significant one bearing in mind that the figure

for the previous year was 30,6 per 1 000 live births. It occasioned a letter of congratulations to the Health Office on the island from Armando Mestre, first Party secretary in that special municipality. In the letter, Mestre praised the effort on the part of health workers and the backing of the mass organizations and the Young Communist League. [Text] [Havana CUBA-ECONOMIC NEWS in English No 103, 1980 p 15]

CUBA'S PORTS HANDLE OVER 8 MILLION TONS--During the year 1979 Cuba's ports handled a total cargo of 8 299 400 tons of merchandise, but this meant that the plan for the year was only 93,6 percent met. That the plan was not met fully is due to several reasons: a drop in imports, boats planned for the period not arriving, international market problems and internal organizational problems of the general import and export cargo transportation system. With regard to demurrage payments, these dropped by some 91 000 pesos in absolute terms, but increased slightly in relative terms. [Text] [Havana CUBA ECONOMIC NEWS in English No 103, 1980 p 15]

COMPUTER SYSTEMS PASS TESTS--In December three computer systems were submitted by Cuba for the 9th international trials for the unified minicomputer system established by the International Computer Commission of the Council for Mutual Economic Assistance (CMEA). The three are: COBOL programming for FOBOS system (GES-300), the applied teaching system (SEBASIC) and the specialized decimal data processor CID-2201, which in international coding is now SM-0502. The first is a programming system for computer solutions to economic problems. The applied teaching system is for students to "dialogue" with the computer, with the aid of a display unit. The third system speeds up the process of calculation and affords greater precision in computers when working with decimal figures. The three systems presented in Bratislava, Czechoslovakia, were put together by experts in the Main Institute for Digital Research (ICID), of the National Institute for Automated Systems and Computer Techniques. [Text] [Havana CUBA-ECONOMIC NEWS in English No 102, 1980 p 10]

CSO: 3020

GUADELOUPE

DESPITE MURDER ATTEMPTS, DIJOURD SAYS SITUATION CALM

Paris LE MONDE in French 20 Sep 80 p 11

[Article: "Dijourd Says Situation in Guadeloupe Is Perfectly Calm"]

[Text] In an interview broadcast over radio station Europe 1 on Thursday 18 September, Paul Dijourd, secretary of state for overseas departments and territories, said the situation in Guadeloupe "is perfectly calm" despite the various acts of terrorism committed in the island since March. Dijourd explained: "There are in Guadeloupe, like everywhere else, small groups of terrorists. This is, unfortunately, one of the problems of our times, and the French Government is taking action to cope with this kind of flare-up which is still of limited scope. We have no tangible evidence of foreign interventions in our overseas departments, but we are convinced that these small isolated groups may have been formed or trained elsewhere and are acting in collusion with certain other parties."

As he announced several days ago, Dijourd will visit Martinique on Monday 22 September and Guadeloupe on Wednesday 24 September to review with local elected officials and business leaders what is being done to implement measures approved for the repair of damage caused by the recent hurricane Allen.

Lucien Bernier (left-of-center), president of the Guadeloupe general council, said he personally believed the acts of terrorism for which the Armed Liberation Group (GLA) claimed responsibility, "are isolated actions that can in no way alter the policy line followed by Guadeloupe which is part of a democratic system within which the people are regularly entitled to express themselves." On the other hand, the Guadeloupe Communist Party views these acts of terrorism as "provocations instigated by the French authorities for the purpose of justifying repressive measures."

8041

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## CRIMES ACT BRINGS SECURITY FORCES UNDER PRESSURE

Bridgetown ADVOCATE-NEWS in English 12 Sep 80 p 4

[Text] KINGSTON, Jamaica  
Thursday (CANAL) -

Jamaica's Security Forces, battling to overcome increased violence this year, have become the latest political football in the run-up to general elections expected to be held here next month.

The controversy has its base in the Suppression of the Crimes Act used at the height of violence and to give the police and army special powers of search and arrest in anti-crime operations.

Parliament this week agreed to extend the life of the Act until monthend amidst verbal clashes involving the Government, Opposition and public over alleged partisanship in the performance of the forces.

The rumpus reached a head towards the end of last month when the ruling People's National Party (PNP), alleging harassment of its supporters, took to the streets shouting "we can't tek no more beatings from the security forces."

The march, which itself claimed one life, an Opposition supporter who was stabbed - came after a spate of violence that left more than 400 people dead this year.

PNP supporters have been peeved ever since Police Federation chairman, Inspector J.D. McBeth some months ago spoke out against alleged political interference in the force. He even called for the removal from office of National Security Minister, Dudley Thompson.

Then three soldiers were charged two months ago with complicity in an alleged plot to overthrow the Michael Manley regime.

Now the latest allegations against the security forces include that soldiers forced young men to kiss each other, and detainees to eat faeces.

Citing specific examples of alleged partisan behaviour, Finance Minister, Hugh Small spoke of the raiding of homes and offices of government MPs in what he referred to as the way one would rescue the American hostages in Teheran.

One MP, Carmen McGregor told Parliament that youths in her constituency were stripped to their underpants and forced to "stop" walk for distances of up to four miles on hot concrete.

PNP officials have been careful to make it clear that they recognise the drop in the crime rate since the army and police took special measures to deal with the situation and that they are not against arrest when "there is a cause."

The party said that the PNP does not want to go into elections with the Suppression of Crime Act in place and preferred to see it withdrawn "to leave the way clear for four weeks of violence before the elections."

For its part, the Jamaica Defence Force says that only a small minority of men were abusing their powers under the Act.

Brigadier Robert Neish, defence force chief of staff said

that anyone found guilty of malpractices would be firmly dealt with.

Mr. Neish giving figures to show the success said that in stepped up anti-crime fight by the security forces said that in five weeks gun killings had been reduced from 43 a week to four per week.

The JDF chief stressed that it was necessary for his men to maintain the confidence and respect of the public and said that the military was determined to fight the crime wave and hopefully win the battle.

The intense debate here has brought comment from virtually all the major organisations in the country.

The Jamaica Manufacturers Association (JMA) said it favoured the extension of the Act until after general elections.

Said the JMA, "there can be no doubt that as election day draws nearer and the election campaign intensifies, the level of violence will escalate. It is therefore imperative that the powers now vested in the security forces under the Act remains in effect pending the outcome of the general elections."

The JMA view could probably be traced to the events preceding the last general elections in 1976 and the fact that when Mr. Manley announced that he will call an early poll this year in January that the shooting began forcing the declaration of a state of emergency.

The opposition Jamaica Labour Party (JLP) has attacked the PNP position and

call on "all patriotic Jamaicans" to help the security forces in "their heroic struggle which they are waging to stamp out violence and terrorism."

On the PNP demonstration the JLP said such an Act at this time could only serve to hamper the work of army and police and destroy morale.

JLP chairman, Dr. Donald Irvine said, "to stage an illegal march in the streets can only lead to anarchy and breakdown of the rule of law. The JLP will not condone any action that is not conducive to law and order."

The Dental Association of Jamaica said that because of the crime situation it had already lost many members "who would like to practice in a safer environment."

In supporting an extension the association said "we would like to indicate that we cannot afford to employ security guards as they are given to ministers of government freely."

Opposing views came from the Press Association of Jamaica (PAJ) which at its annual general meeting passed a resolution urging government to recall into military barracks members of the police force now deployed under the Act.

The PAJ said that the soldiers and police should only use what it called constitutional means to deal with the problem of crime.

The Jamaica Council of Human Rights went a step further, suggesting several ways in which government could monitor any abuses of democratic rights by citizens.

The council also recommended imprisonment of those found guilty of manacles; that detainees should have a right to legal and medical aid; and citizens should have a right to be present when houses are searched and, when arrested, should be told of the reason for the arrest.

In a last Tuesday's Parliamentary debate on the Act, both government and opposition MPs backed its retention, though opposition

spokesman Hugh Shearer said the extension should have been for 90 days, to cover the election period.

Acting National Security Minister Carlyle Dunkley told Parliament that so far disciplinary proceedings were being brought against five soldiers identified as among those abusing their powers.

Dunkley, in defending the retention of the provisions of the Act, said there had been a marked decrease in terrorist activity since the act was enforced in July. Schools that had to be closed because of the violence were once again open because of the high visibility of the security forces.

Government, he said, would shortly be mounting a publicity campaign to make people aware of their rights under the law, as well as the authority vested in the security forces under this legislation.

Also under consideration is a special bureau, which would investigate citizens' complaints about security abuses and make recommendations to the appropriate action where necessary.

TEXT OF JLP'S FOURTH ANNUAL REPORT TO THE NATION

Mexico City EL DIA in Spanish 2 Sep 80 Supplement No 73, pp 2-24

[President Jose Lopez-Portillo's fourth annual report to the nation delivered to the Mexican Congress on 1 September 1980]

[Text] Honorable Congress of the Union:

This is the fourth time that I have come before this sovereign body to report on the state of the nation.

As I have done, I am presenting, in writing and in seven annexes, wide-ranging and detailed facts and figures, as well as program gains, for each sector, comparing them with government spending data for 1979.

Three new political parties, the Mexican Democratic, the Mexican Communist and the Socialist Workers parties, are now legally registered and are enriching the representation of our people here. Congratulations.

The instructive and important first session of the legislature is now history. We all participated and learned. In a world of disorder and regression, Mexico is succeeding in coordinating and complementing a thriving democratic reform. New voices, which previously lacked a nationwide forum, are now being heard. Initiatives, urgings, questionings, criticisms, demands, disagreements have found avenues for effective institutional action. Our society has strengthened its capacity for self-criticism and definition. An enriched pluralism fosters a responsible exercise of freedom.

Therefore, the amnesty laws are still being applied, in order to offer participatory options along the road of harmony.

In compliance with the law, municipal elections were held in eight states, as well as one special municipal election. Local congresses were chosen in five states, and governors in six.

The National Voter Registry has begun revising and updating the list of voters, the shortcomings of which have impeded citizen participation and contributed to invalidations and abstention.

A complementary measure is the scheduled issuance of a new voter credential with improved authenticity and control features.

Taking advantage of recent electoral experience and in order to further refine the instruments helping to make the political reform more effective, because it is conceived as an ongoing process, the Executive Branch will submit to this Honorable Congress a number of proposed reforms to the Constitution and the Federal Law on Political Organizations and Electoral Processes. The reform would be cut short if we did not expand the scope of democracy in our states, if each government and its people did not decide to banish feudalism and bossism, political intolerance and social disenfranchisement.

Last year, exercising their right of assembly, citizens staged more than 300 demonstrations in the Federal District to express their concerns, proposals and dissent. I would not be honest, however, if I failed to mention that such actions hamper the already inherently difficult routine of the residents of this city. I exhort all factions and all sectors to cooperate in finding alternative courses of action that can reconcile interests and preserve the rights of all, without detracting from the right of citizens to assemble peacefully for any legal purpose. Society will thank you.

Pursuant to the administrative reform, we decided to establish the agency that will implement the National Population Registry System, which will lead to the issuance of citizen identification cards.

As part of the political reform we incorporated the right to information in the Constitution.

Involvement as a social right, it is regarded as a complement to the individual guarantee of a free expression of ideas. This brought up the important issue of whether the Press Law, the Radio and Television Law and a number of others adequately regulate the content and form of this right.

At the open public hearings to find the best way to guarantee this right, there were those who maintained that the democratization of the mass media inevitably entails their nationalization, which they came out in favor of, while others argued that democratizing the media is an assault on freedom of the press.

The extremes and the intermediate positions have been established. I therefore consider it timely to pose a number of formal questions to this sovereign body.

Must we spell out what the right to information consists of? Does it consist of the right to receive it? To disseminate it? Both? And in any case, which person or persons are the holders of and who is bound by this right, and how can it be exercised and guaranteed?

If the holder of the right is society, through what bodies or means will it exercise it? If it is the individual, how will he make use of it?

Do legitimacy requirements have to be fulfilled in order to exercise it, whether by individual action or through agents? Does the right to receive and transmit information entail an obligation? Who is bound by the right to information? If there is an individual guarantee of free expression vis-a-vis state abuses, does the right to information bind exclusively the state or are others bound?

And assuming the state's obligation to inform, who ought to perform the task in order to legitimize the representation as the party under obligation?

Are those obliged to provide information have the right to choose when to provide it? Can some matters, documents or files be confidential or reserved? If so, for how long? And can they be consulted as historical documents?

Must those who exercise the right abide by a code of conduct regarding those who give or receive information?

We have already mentioned that in society the relationship between the state, those interested in information and the mass media could constitute anarchy in an interplay of freedoms devoid of responsibilities; the control of a totalitarian state that determines what is to be communicated, or a relationship in which freedoms are reconciled with responsibilities.

The first road leads to a dissolution of societies, the second is the road of dictatorships.

I am certain that I am expressing the political will of Mexicans when I assert that Mexico is neither dissolving nor becoming totalitarian, that its road is the road of freedom and democracy and that information is a means of nourishing and strengthening them. I am confident that this sovereign body will find answers to all of these questions.

With the confidence of the people and the participation of citizens, the administration of justice is a valid instrument for defending the fundamental rights that are the underpinning of human dignity.

The Public Ministry must not implacably pursue or systematically accuse. Therefore, it has ordered abandonment of legal action against peasant farmers who out of ignorance or poverty have committed crimes by planting or growing narcotics. I should also point out that none of them has committed a second offense.

The same attitude prompted an order for the release of more than 4,000 individuals, whose average age is 23, who were caught with small amounts of narcotics or mind-altering substances in their possession.

Complying with our pledge of a year ago, we reformed the law of responsibilities of officials and employees of the Federation, the Federal District and of high-level state officials.

Constitutional privilege is no longer a prerogative for impunity; it is a requirement for legal action. Previously scattered provisions were codified, and the section concerning the unexplainable enrichment of public officials and civil servants was preserved.

By guaranteeing domestic security and defending the nation's integrity, independence and sovereignty, the Mexican Armed Forces contribute as an institution to the attainment of planned development. They also perform social tasks on an ongoing basis. Civic campaigns, educational campaigns, the battle against natural disasters and against drug trafficking, reforestation, the distribution of water, and every kind of support demanded of our soldiers and sailors have become habits that the people are thankful for.

The foreign defense of our country and the protection and preservation of our maritime resources have entailed dramatic but just action to command respect for a right and a principle of justice.

The distinguished services award was established last December as a well-deserved recognition for the Mexican Army.

Never before has the army administration been as efficient, imaginative and honest. It is an example to be followed.

I have had the pleasure of frequently conversing with representatives of our army and navy. I admire their preparedness and the way in which they utilize the opportunities and the modest resources that the people of Mexico provide them.

I would like to draw special attention to the role of the navy in the tuna incident.

In these times of treachery and defection, we are pleased and proud once more, as every year, to state that the nation trusts in, identifies with, admires and thanks its Armed Forces. Their perennial

devotion and loyalty as military men and their solidarity as Mexicans serving their homeland enable us to say with pride that they are the people's representatives in the Armed Services.

#### Tenth National Census

The 10th Census indicates that we Mexicans number almost 68 million, and it is we who are now coming to grips with the issues of our political coexistence: to preserve, perpetuate and improve ourselves.

There are fivefold as many of us as when we undertook the revolution. Since then and on account of the revolution, mortality rates have declined considerably, and our life expectancy has risen from 30 to more than 70 years. There are many more of us in the same territory.

Our population has increased so fast quantitatively and changed so much qualitatively over the five decades of our institutional experience as a developing society in a world of disorder, exploitation or indifference that we have accumulated a complex series of critical problems as never before in our history and unquestionably as we will never see again. We are riding the crest of the wave.

We ought to look into ourselves and realistically determine where we have excelled and where we have failed. We must understand ourselves to resolve our problems.

Until a few years ago we were growing at a rate of 3.6 percent, one of the highest in the world. This rate of population increase, which comes on top of our accumulated shortcomings, is too much of a challenge to economic and social development in any country. This year, thanks to family planning efforts, we have reduced this growth to less than 2.9 percent, thus approaching the goal of 2.5 percent that we set for 1982.

If excessive growth is a factor of social imbalance, the makeup of our population, stemming from its rapid growth rate, is another: 65 percent of our people are under age 24, and 43 percent are less than 14 years old. They include a high percentage of Mexicans who are, of course, unproductive, and combined with those who cannot, do not know how to or do not want to work, we arrive at a figure of more than 48 million. In other words, the total population of Mexico just 10 years ago is now being supported by 19 million people. Everyone, however, demands food and services.

Fifty years ago, one-third of the population lived in cities and two-thirds in the countryside. That proportion has now been reversed. This has meant a sudden and concentrated demand for urban jobs and services by tightly packed population groups that can readily organize into pressure groups. These are our urban poor, who have

come to the city in search of the good life and who are still living in precarious conditions that they deserve to overcome.

At the same time that we are seeing this urban concentration, we still have a widely scattered rural population--more than 95,000 towns have fewer than 2,500 inhabitants. This makes it difficult to provide basic services and burdensome to set up, operate and maintain installations.

This rural disenfranchisement creates problems of social injustice as well as differences in cultural patterns.

Other countries have had centuries to provide services at a pace in keeping with demand. Those of us living in Mexico today have had to create and serve in five decades five Mexicos of the year 1920.

Many of our large cities have had a million or more inhabitants since 1940 and all of them have since 1960. We must now also incorporate on a just basis our underprivileged rural zones, whose populations have also multiplied.

Do not regard these census figures as a tiresome catalog of contemporary sociology. I am pointing them out so that we can gauge what our generation has had to and has to accomplish.

The pessimists, stubborn critics and irresponsible ideologues notwithstanding, we should be proud of the feat that we have accomplished: in 1960, which is as far from us as the year 2000, 17.4 million of our 35 million people knew how to read. Now, in 1980, 45 million of us 66 million Mexicans know how to read. In both cases children under age six are included among those who do not know how to read.

In 1960, 5.5 million people were registered in the entire National Educational System, 4.8 million in primary school. Now 21.7 million are registered, and 15 million in primary school alone.

In 1960, 11.3 million inhabitants had drinking water; now, in 1980, 44 million do.

In 1960 we had 2.3 million kilowatts of power; now we have 14 million.

In 1960, the various social security systems protected 4½ million beneficiaries; now, in 1980, 42.6 million are covered.

In 1960, health care and social security systems had 8,187 hospital beds; now there are more than 58,000.

In 1960, our highway network spanned 45,000 kilometers; now, in 1980, it extends for 212,000 kilometers.

There were 2 million hectares of land under irrigation in 1960; there are now 5 million.

In 1960, there were 11 million people with jobs; now there are 19 million. Few countries in the world could give a rundown like this. We are willing to strengthen our determination to continue with our efforts. But far from celebrating our half-filled glass, we must also acknowledge that the quality of life for many Mexicans is not at all satisfactory or even decent. Someone could no doubt give a rundown of our shortcomings, and he would also be correct.

No one has planned these inconsistencies. Perhaps many tolerate them, while others of us have been unable to correct them. But this is where we are now in our history; these are the actual conditions today, the conditions that we must continue to change.

We have never ignored the truth. I invite you to delve more deeply into it, not to overwhelm our understanding, scandalize our morals or inhibit our determination, but to adapt the efforts that we have to exert by law, because now injustice is illegal, not just something to be complained about. Let us turn complaints into steps towards improvement. Let us not point the fiery finger of condemnation to garner widespread prestige while refusing to lend our solidarity. Critical assessments, yes; but solutions and aid too.

By the year 2000, if we achieve the goal of just 104 million inhabitants and if we wish to accomplish the goals of the Comprehensive Plan, we will be forced to build at least another Mexico on top of the current one. That is the extent of our responsibility. Let us not bark at the caravan; let us join it.

There are only two options: either we continue to move forward with our democratic ambitions, which are to grow, to provide jobs, to moderate demographic growth, to generate and distribute wealth, to maintain political stability and, most of all, justice, freedom and security, or we will have a regime like the ones that still exist and are even spreading in our hemisphere, regimes that are high-handed and repressive, that provide for the welfare of the few, that favor the unjust, that offer the freedom of forcible slavery, that use power to suppress and that despicably, irresponsibly and inhumanly manipulate.

Our option is to persevere in the valiant transformation of our conditions. To this end, I proposed to the nation at the beginning of my administration a comprehensive effort that is now reflected in an overall development plan, whose objectives are:

To reaffirm and strengthen the independence of Mexico as a democratic, just and free nation politically, economically and culturally.

To provide our people jobs and a minimum of welfare, with priority on food, education, health care and housing needs.

To promote high, sustained and efficient economic growth.

To improve the distribution of income among individuals, the factors of production and geographic regions.

Based on the administrative reform, the Comprehensive Plan was the result of combining and coordinating the plans and programs of each sector, as shaped by the strategies stemming from the Mexican Food Supply System, the commodities system, the jobs program, the training program and the productivity program, programs that focus particular attention on our underprivileged zones and programs entailed in financial, fiscal and subsidies policies, so that once and for all we can establish a sound relationship between prices, wages, profits and the Treasury.

Certain sectors are understandably stunned by so many programs and regard them as belated efforts.

A country must take a long-term view of itself. We have to rationalize and marshal our actions, go beyond improvisation. Therefore, we would rather face up to the criticism that we are too late than to take no action because of criticism. From the outset of my administration, starting with my inaugural speech, we began a consistent government program, with planning based on an administrative reform that would make it possible. We are on schedule, convinced that the rationalization of the country is now an irreversible trend. The plan was not the end of a process; it was the beginning of a series of commitments and tasks that had to be carried out.

Therefore, we drew up plans sector by sector, not as an intellectual exercise to ease consciences, to deceive fools or to give jobs to idle technicians, but to give rein to the nation's energies and to provide input and an approach for our decisions. We are certain that things get done in any case, but doing them poorly, helter-skelter, jeopardizes the country that we want to and can make better. Planning is necessary and feasible, and we are aware of this. I honestly believe that there is no other way. I am certain that it is irreversible, that this is the road to excellence in today's jungle of disorder.

## The Economy

The current crisis is worldwide. Economic disorder, the energy problem, the lack of political will to reconcile relations between rich and poor nations, bipolar tensions, are the cause and effect of a widespread recession plus inflation. Few countries, including the industrialized nations, are expanding their economies at rates faster than their population increases. And they are all suffering from inflation, which, moreover, is transmitted from the strong to the weak.

In contrast, Mexico, due to a set of favorable circumstances, has not only overcome the recession, but it has grown as never before in its history. As the Comprehensive Plan called for, we achieved eight percent growth for the second year in a row. This is unprecedented. It has been the result of the country's vitality and the efforts of all. On the other hand, we must point out that inflation has outstripped our forecasts. We have to analyze these two phenomena, growth and inflation, to understand our current situation. We must not add unnecessary burdens; we must make constructive decisions. We must compare ourselves to assess ourselves.

Inflation is unquestionably our number one social problem in our stage of consolidation. We are growing rapidly and we are now suffering the problems of quick development. No longer do we have to face the problems of stagnation, much less those of decline.

Our recovery and inflation have coincided, but this does not mean that there is an exclusive cause and effect relationship. We should recall that during the previous decade the heaviest pressures on prices occurred precisely during the years that the economy grew the least.

Inflation has filtered through to us from around the world via imports and exports, international financing, higher interest rates, capital costs and flows and economic disorder. The United States has recorded rates of 18 percent; Great Britain, Italy and Spain 20 percent; Brazil, more than 70 percent, and Argentina, over 100 percent. Furthermore, many of them are in the midst of recessions. If we add that more than 30 percent of our foreign trade is with these countries, we will understand that we are unavoidably importing inflation and that it is a question of choosing between two evils. We want the lesser of the evils, in other words, enough of a difference between our inflation and outside inflation so that our exports will be promoted and our imports discouraged.

In addition, there are internal factors that enter the picture through supply and demand, and many of them are related to specific problems.

Prices have been pushed higher by irresponsible boosts that created inflationary expectations and spurred consumption; by bottlenecks; by

heavy public and private expenditures; by weather conditions that affected the supply of commodities; by lead times of investment projects; by changes in public sector prices and rates to rationalize subsidies; by additional input costs for production and financing capital; by the introduction of the VAT (value added tax), as well as by higher incomes stemming from more jobs and higher public and private consumption and investment expenditures.

Public expenditures are a basic factor in how the economy behaves and in explaining the two aforementioned phenomena. They stimulate and orient the country's economic and social growth, which is largely determined by their magnitude, makeup, financing and, mainly, allocation. If expenditures are oversized or poorly channeled, they also fuel inflation. Therefore, we have been careful in planning and implementing.

The expanded 1979 budget totaled 1.267 trillion pesos. The investment program amounted to 256 billion.

The main reasons for the budget expansion are explained in detail in the government balance sheet that was duly submitted to this sovereign body and that contains accurate information as well as, for the first time, program details.

In light of the positive and negative effects of accelerated growth, the public expenditures authorized by this sovereign body for 1980, totaling 1.6835 trillion pesos (33 percent higher than in 1979), are intended to avoid excessive pressure on the production apparatus and to have a diminished impact on prices and imports.

That is why we have boosted allocations for transportation, storage and ports, the agricultural and livestock sector and social welfare.

Investment outlays are the engine of growth. We have tailored them to our priorities, and they total 355 billion pesos, up 35.5 percent from the 1979 fiscal year.

Priority sectors are up 32 percent, while administrative sectors are down 6 percent, which reflects the efforts at streamlining current expenditures.

In 1980, investments in the countryside have been up almost 100 percent and are half as much as in industry. Just last year they represented one-fourth. This development, plus our support for commerce, which is up more than 200 percent, demonstrates our consistent response to the need to insure basic nutrition for our entire population.

We must realize that budgets cannot be rigid. They have to adapt to changing circumstances within certain parameters of control and balance.

So far this year, we have authorized 206 billion pesos in extra outlays, most of them earmarked for PEMEX (Mexican Petroleum) to defray the operating costs of the new oil rigs. This also reflects that higher taxes it has paid, due to higher export earnings.

Debt servicing is at the same absolute level as in 1979.

Other details are contained in the annexes.

Public expenditures are covered with Treasury funds, the money collected by public agencies from the prices and rates they charge, and credit. In the case of the government, this latter item is customarily given the frightful name of deficit, which smacks of embezzlement and bankruptcy. It is just credit. Pardon the naivete.

As far as we can tell, budget revenue will total 1.217 trillion pesos, up 40 percent from 1979, a rate of increase higher than that of expenditures. Hence, the budget deficit is becoming increasingly smaller. This year it will be just 182 billion pesos, just 13 percent of actual outlays. More than two-thirds of the deficit will be financed with internal credit, and the rest with foreign loans. Thus, 87 percent of this budget is being financed with our own reserves, which mitigates the trend toward a higher public debt. Let that be noted.

#### Administrative Reform and Programming

The Comprehensive Plan's financial policy is designed to reconcile available credit with financial and Treasury resources, to insure that we have the funds needed to finance our development goals.

Financial policy has been drafted to stimulate savings and to channel them into the priority production sectors of the economy, to which preferential interest rates have been assigned.

The unusual boom in economic activity and inflation itself have necessitated an expanded money supply. Nevertheless, its rate of growth (32.6 percent) shows clear signs of slowing down (down 15 percent from 1979), as the money supply is tailored to real resource needs.

Private and state-private banks boosted their intake of monetary and nonmonetary resources by more than 40.2 percent over the first 6 months of 1980.

In view of the instability of international money markets, we adopted a competitive policy of flexible interest rates to prevent the outflow of capital and to guarantee that savings are available for loans.

We gradually adjusted the level of legal reserve requirements until it reached 40.9 percent.

We are still issuing government bonds, petrobonds, Treasury bills and unsecured liabilities. Convertible liabilities, commercial paper and other longer-term instruments will soon appear.

The financing awarded by the banking system in 1979 showed an absolute increase of some 300 billion pesos, up 50 percent from 1978.

The Executive Branch has been reporting on a quarterly basis to the Honorable Congress of the Union on the amount and makeup of our external debt. Its net increase has been, on the average, about \$3 billion over the last 3 years. As we enhance our capacity to pay, we are enhancing our bargaining power and, therefore, foreign debt terms. The debt of less than a year's term did not exceed five percent of the total; it accounted for four times as much in relative terms 5 years ago. As a proportion of the gross domestic product (GDP) it dropped from 2.94 to 2.3 (more than 20 percent). For 1980, more than 40 percent of the loans we took out carry terms exceeding 9 years.

As of 30 June, the nation's foreign indebtedness totaled \$32 billion.

Our balance of payments status and the results of foreign loans have boosted the Bank of Mexico's gross international reserves, which as of 31 August stood at \$6.2683 billion, \$3.603 billion in primary reserves and \$2.6653 billion in secondary reserves.

We have bolstered trust funds for promoting priority activities. By the end of 1980 they will be managing 90 billion pesos, which will be primarily channeled into production investments throughout the country.

We have established the National Fishing and Ports Bank and the Fund for the Development of Cooperatives. The Mexico Fund will soon begin operations; it will float shares overseas, bring additional funds into the country and invest in securities sold in the stock market to spur economic development.

Our new fiscal policy will be based on three fundamental reforms: tax reform, administrative reform and a reform in coordination with the states of the union.

The tax reforms have substantially modified the approach to direct taxes and to the income tax on physical persons, in order to boost receipts and expand the base, by introducing the notion of total

income and by assuming taxable income on the basis of the verifiable expenditures of taxpayers, without resorting to the facile expedient of increasing rates.

In order to stave off the harmful effects of the progressive tax structure, we completely exempted from the income tax the stratum immediately above the minimum wage (those earning between 52,000 and 64,000 pesos a year in round numbers); those earning 69,700 from 77 percent of it; those earning up to 93,000 from 56 percent; those earning double the minimum from 36 percent, and so forth up to a 4 percent cut for the highest earners. We helped the family budget through a tax cut of 10.65 billion pesos to offset the impact of inflation on lower-income earners.

From 1978 to 1979 tax receipts from business rose by 47.7 percent; from capital gains by 54.5 percent, and from wage earners by just 6.1 percent. This new structure contrasts with the trend in previous years. It is a fundamental part of the fiscal reform.

The implementation of the value added tax as of 1 January of this year has simplified collection and monitoring procedures and extended the tax on consumption. We have thus resolved the problems of double taxation and of dwindling revenue in states and municipalities.

I should point out that as a result of these reforms, from January to June of this year revenue sharing to the states increased by almost 60 percent over the same period last year. Only thus can we strengthen federalism.

The new tax has worked fine, in keeping with the forecasts for the transition period; initial snags have been overcome.

Indirect tax receipts from January to June were up 33.8 percent over the same period in 1979, basically as a result of the effectiveness of the VAT in combatting evasion.

As far as special taxes are concerned, specific levies were replaced by ad valorem taxes, and a new Mining Tax and Promotion Law and a new Customs Appraisal Law went into effect, which have quickly streamlined the entry of merchandise into the country and facilitated expeditious customhouse clearance.

This mechanism guarantees equity in appraisals, with benefits for both taxpayers and the Treasury. It makes tariffs the main protectionist tool and combats smuggling and tax evasion.

We can now speak of a fiscal reform that is fully under way, as reflected in the tax structure, the distribution of income, the rise in receipts, the financing of the Federal Public Sector and the bolstering of state and municipal finances.

## Labor

The planned promotion of high-level and sustained economic growth is effective and justified to the extent that it generates jobs, the only way that the people can afford decent food, education, health care, housing and recreation.

It is difficult to cite illustrative statistics with regard to this important matter because of the information that we have available and because of the persistence of underemployment. With this in mind, we can assert:

Between 1977 and 1979, 1.8 million jobs were created, almost 700,000 in 1979 alone.

Permanently insured workers in industry, an indirect indicator of employment, increased by 10.2 percent in 1979 and by 9.6 percent so far this year.

All of this means not only that we have halted the unemployment trend of the last few years but also that economic growth has reversed it, from 8 percent in 1977 to 5.8 percent in 1979, and for the first time on a steady basis the supply of jobs is outpacing the growth of the population. Daily experience at various points around the republic confirms this to us. Although we do not, of course, have full employment, I can categorically assert that we now have many more job sources than 5 years ago. We are successfully providing for the right to work.

I want to emphasize this to counter the stereotypical assertion made by those who invent catastrophes with imaginative or nonexistent statistics and who say that unemployment is on the rise.

Economic growth in a country like ours is tied to social development; the structures of social justice stemming from the right to work cannot become realities if there are no jobs. And there will be no jobs unless we grow. If there is growth, employment coincides with the institutional struggle for wages and benefits. To grow without distributing is to move backward. To distribute without growing means poverty. To grow and to distribute means progress.

On account of understandable ideological paradoxes or intellectual distortions, there are those who question and find fault with the economic growth we have achieved, as if it were a crime. Let us allow them to seethe in their affliction.

The National Employment Plan, which is now under way, seeks to provide jobs to more than 2.2 million persons between 1980 and 1982, an annual rate of increase of 4.2 percent to cut the jobless rate to 5.5 percent.

Under the plan, 185,000 specific programs were organized with a budget allocation of more than 1.3 billion pesos this year.

From January to June the wage bill recorded an enormous nominal rise of 39 percent, due to more jobs and higher wages, disregarding inflation. The average real rise in wages over these 6 months, even for unskilled workers, was between two and four percent. Even though the minimum wage, which is conceived as a floor, not a ceiling, has been declining in real terms, average income is above that level. We will adjust the minimum wage to make up for losses and insure buying power, in coordination with other steps that we are taking.

We often become frustrated because gains are deceptively made to look like losses and because we deny the results of our own efforts.

As of today, the Executive Branch has decided to raise the earnings of workers in the three branches of the union and in the Department of the Federal District, as well as the salaries of the members of the Armed Forces, by the following amounts:

A salary of 4,890 a month will rise to 7,000 (27 percent)

A salary of 7,001 a month will rise to 9,500 (25 percent)

Pay of 9,501 a month will rise to 15,000 (22 percent)

Pay of more than 15,001 a month will rise by 3,300.

Teaching personnel had their pay boosted on 16 August of this year, and thus their salaries should be put in line with the ranges and percentages cited above. Rural teachers in lesser developed zones, which will be defined later, are granted an additional 500 pesos a month as of today to what they have already been awarded, making 1,000 pesos.

I have also ordered the same increase in retirement pay and military, civilian and complimentary pensions charged to the Federal Treasury.

I previously ordered, retroactive to 1 August, an increase in the retirement pension of military veterans of the revolution so that they receive as much as active servicemen as of 31 July. I also ordered a one-time grant of 12,000 pesos to each veteran of the revolution recognized by the Secretariat of National Defense, as long as he does not receive any benefit charged to the ISSSTE [Institute of Social Security and Services for Government Workers] or to the Federal Treasury.

We must keep in mind that wages, benefits and what we might call government-provided fringe benefits are closely tied to the wealth that the country generates.

We have to acknowledge the limitations in our efficiency as a country, which harms us all and makes us uncompetitive. This is a severe limiting factor in fulfilling the imperative of the modern era, which we must enter if we wish to resolve our problems, our social problems in particular. On account of our development needs, we are forced to enter the international struggle, which is ruthless. We cannot continue to live in the greenhouse of an inefficient, complacent and lazy protectionism. It is expensive here at home and fruitless overseas.

We therefore assert that the productivity that we have to attain is in no sense a means of exploitation. It is not unjust unearned income; it is national efficiency, the capacity to secure more and better results, which benefit all and which translate into new and better job sources, a reduction of underemployment, higher wages and benefits for workers and their families, and savings for businessmen and consumers. We view increased productivity as a means of generating and better distributing national wealth and readying the country for the future, which will be quite different if we prepare ourselves for competition from what it would be if we as a nation remain inefficient.

Last 11 April we inaugurated the National Productivity Commission, which is made up of representatives of labor, business and the public sector.

In a large extent, producing more of what we need and doing it better and less expensively will be just wishful thinking unless we train our work force.

The Constitutional Amendment of 10 January 1978, which established the right of workers to receive training from their employers, and the Legislative Reform of 1 May 1978, which created the means to achieve this, have begun to bear fruit.

The exercise of the right to strike, which is scrupulously respected in Mexico, shows the efforts that workers and employers have made to reconcile their interests for the benefit of the nation. Over the period that this report is concerned with, less than 3 percent of the strikes that were called were staged: just 86 strikes out of 2,976 that were called. We must acknowledge, however, that one of the upshots of inflation in a free, unrepressive system like ours is the heightening of labor conflicts due to the shattered balance among the factors of production, conflicts that can also trigger struggles for prestige, position and power. Political interests might legitimately get mixed up in labor problems, but then political solutions would also be valid for labor matters. In any event, we must see to it that the workers are not harmed by strategies that have not been clear to or that have not been evaluated by the workers, because in the long run they will harm everyone and weaken the country. On the other hand,

we ought to give special consideration to the case of certain workers who have ties with public interests and even with political interests and who do not fit into the simplistic relationship between capital and labor as factors of production. I invite this Congress to carefully study this issue. Its pluralistic makeup guarantees a comprehensive and responsible analysis.

Continued

Wages mean little if they are not in keeping with prices. This is one of the most severe problems that inflation causes. The unfettered interplay of factors tends to produce an endless inflationary spiral.

And, while efforts at productivity bear fruit, we must also pursue a price policy and take complementary steps to curb inflation, which is an evil in itself, and to prevent its impact from further impoverishing our neediest citizens. No country in any political camp has been able to fully resolve this problem. There are injustices in this regard in the capitalist world, and the socialist world has rationing, black markets and long lines, both have shortages.

I have on a previous occasion described the complexity of our system of prices, which has resulted from successive moves to control them and to stimulate output. We have official prices, guaranteed prices, controlled prices, cost-price prices, uncontrolled prices, compromise prices and subsidized prices.

We know now that a policy of inelastic prices discourages production and that a policy of unrestricted support for producers causes prices to soar.

This is a tradeoff that we have often tried to balance, always unsuccessfully.

The reason is that in society every person seeks to satisfy his interests, and these interests often collide or are contradictory. The difference between the rural and the urban economies is the most dramatic example, though not the only one, and I will refer to it to illustrate my point. What the peasant farmer regards as a fair price for his product (his wage, in other words) is too high for the city dweller.

Therefore, we have resorted to subsidies: the state utilizes public funds to reward or aid producers, or to keep prices low to benefit consumers, the feeling being that society as a whole ought to compensate for the imbalances at the two ends. The procedure works for a time, but sooner or later the subsidy becomes distorted. Unproductive public outlays increase, the deficit swells, and thus

inflation is fueled as well. A confused and inefficient angle is also created, because the subsidy never completely gets to the person who deserves or needs it; a large proportion of it also goes to those who do not need it, and what is worse, subsidies help to create a caste of very skillful parasites who take advantage of society's efforts to be just and grow rich through deals, exports, speculation and abuses. Sugar is a clear-cut example, or soft drinks, which cost 15 pesos a liter, compared to 8 or 10 pesos for milk and 2.80 for gasoline.

Subsidies thus become a systematized deception that we have called dream world economics. Between 1970 and 1980 their average annual increase was 35 percent, rising from 16.1 billion pesos in the former year to 428.4 billion this year.

In 1980, transfers and subsidies awarded on the expenditures side represented 51.7 percent of the total amount. Transfers and subsidies channeled through prices and rates accounted for 41.2 percent, and income or financial transfers made up 7.1 percent.

Of the total, 305 billion (in other words, 71.5 percent) are not channeled into justifiable transfers for social security, socially necessary current subsidies, investments or liabilities payments. They therefore offer a wide range of possibilities for developing a strategy of action with sizable impact on the economy.

We are condemning the distortion of subsidies, not the subsidies themselves. When properly directed, they promote action or redistribute income.

Our intent is not so much to reduce them as it is to assure that they accomplish their individual goal and function. Since September 1979 we have made major changes in our subsidies policy, especially through higher prices and rates for oil and petrochemical products, sugar, electrical energy, railways, etc., which have brought in an additional 40 billion pesos in revenue. Nevertheless, in general subsidies still foster a deceptive, wasteful economy that has perverted the state's enormous sacrifices in its determination to be fair.

We cannot and must not continue to walk the treadmill. We have to strive to coordinate our pricing and subsidies policy with wage and fiscal policy. We must proceed resolutely, not abruptly, working with spreads and increments.

We authorized 31 billion in subsidies to preclude adverse effects on the basic basket of mass consumption items. Subsidies granted to industry through CEBASIP (Government Basic Commodities Corporation) all totaled 12,317 pesos; particularly important were the 6.9

billion pesos awarded to the tortilla-corn, tortilla, balanced food-stuffs and poultry industries. Today, the Federal Government's industrial facilities produce 90,000 tons a month of subsidized mass consumption items.

We reviewed the prices of fertilizers, primary petrochemicals, iron and steel and sulfur produced by public enterprises and agencies, and we also took another look at ANDSA rates. Our decisions enhanced the operations of these government-controlled bodies.

We also had to authorize a number of increases, to prevent shortages owing to financial impracticalities and to guarantee supplies. I would emphasize that there is nothing more expensive than that which does not exist.

If there is no basic production or if it is insufficient, the country's very survival demands that the state directly or indirectly furnish it, regardless of the output and productivity efforts that are being undertaken.

Meanwhile, we have to act. We cannot leave domestic market supplies up to the discretion of personal interest at a time when primary and secondary production are not meeting demand and food requirements. We therefore determined and drew up a timetable for how many additional tons we would need to guarantee nationwide supplies. Imports totaled 8.7 million tons, and whenever possible they were secured through government-to-government transactions in audited public biddings.

Thus, in spite of all the 1979 farm cycle and transportation problems, we have succeeded in maintaining and boosting official buffer reserves (as of 30 August they totaled 3.267 million tons) and in supplying industry with tortilla-corn, corn meal and tortillas.

The government has sought, implemented and regulated work systems that combine and coordinate its responsibilities with the efforts of production sectors.

Last year we successfully organized partnerships in farm, industrial and commercial marketing. Thanks to the related systems and to the proper handling of official prices and supply policies, last year producers of basic grains and seeds received more than guaranteed prices for their work, between 10 and 20 percent higher in the cases of corn and sorghum, 33 percent higher for beans, and between 15 and 23 percent higher for oilseeds. The government provided special support services (containers, local transportation and husking) to the poorest ejido farmers and small plot owners.

We have set up a wholesaling system whose primary function is to supply small- and medium-size stores.

In addition, the retail marketing system has established three branches: the workers branch, the working class urban branch and the branch consisting of the COPLAMAR-CONASUPO program.

In order to insure food supplies to underprivileged groups, 200 regional COPLAMAR-CONASUPO warehouses have been built and will begin operating next month in impoverished areas. They will be run and supervised by the communities and will supply with their own means of transportation more than 6,000 community distribution centers, which will sell basic items at non-speculative prices to 14 million peasant farmers in our most isolated regions. This is part of a comprehensive effort towards social justice.

During the administrative period that I am covering in this address, FONACOT has awarded 312,247 loans totaling 3,909 billion pesos to workers to purchase consumer durables. Purchases through FONACOT saved member workers 2.13 billion pesos. Because of this scale we can organize rational production and provide for sufficient mass consumption of consumer durables.

For its part, COSAMPROS [Joint National Committee for the Protection of Wages] now has 42 centers selling basic items.

We will continually inspect and monitor industries and businesses that produce, distribute and market items subject to official control. We have taken action many times and we will take action as often as necessary. The 280,000 inspections, 111,000 notices, 2,000 businesses closed down and the 200 million pesos in fines collected from violators illustrate the government's determination to prevent undesirable commercial practices from harming society. But closing down businesses is not a pleasant task, and we do not like to put people in jail. Therefore, we resort not only to bans, conditions or democratically legal sanctions but to the legal category of associations (alianzas) as well. The results can be seen in the annexes.

Our country's foreign trade reflects the promising period that it is in. Our foreign trade deficit has declined considerably since 1979.

In spite of grain imports and sharp increases in industrial imports, a short-term phenomenon associated with the recovery and with the fact that a number of investment have not yet yielded results, our trade deficit from January to June of this year totaled \$887 million, down 25 percent from the same period last year.

In a world experiencing its worst crisis of the post-war period, there is strong outside pressure on Mexico, because of its unique status as a large country undergoing rapid expansion, to import what others are unable to. This largely explains the slow growth of a number of our industrial exports. Dumping and unfair trade practices are the order of the day everywhere. The powerful are the first to break the ground rules of international trade, to not spell out codes of conduct or to alter them at their convenience. Because of this and in support of our industrial development policy, which demands consistency in our overseas dealings, we decided to postpone our prospective membership in GATT. We must not allow what we do in one facet of our development to become undone in another.

### Agriculture

Last year was a bad year for agriculture, and it interrupted an unprecedented string of successes attained through the Alliance for Production.

Severe droughts, followed by early frosts, pitilessly battered the country's agricultural heartland. There was a great deal of spoilage because planting was heavy and large harvests were anticipated. The peasant farmers were the direct losers; so far they have run the risks of agriculture alone, except for the minor consolation of insurance. The country was, of course, able to afford the necessary imports and to prevent shortages. We bought everything at high prices overseas and sold it here at low prices. Everyone thought things were normal, though they might have complained that the corn was yellow or found fault with the transportation system. But all of this had an impact on the economy in various ways: the outflow of foreign exchange, the extent of subsidies, the congested transportation, the need to provide work to the hard-hit peasant farmers, who asked only for an opportunity to earn a wage and feed their families. All of this was reflected in our inflation rate, and it kept us far from our priority goal of self-sufficiency in foodstuffs. Nevertheless, our farmers are once again working their fields, and as I will explain later, the state is beginning to share the risks with them.

We are not discouraged by the criticisms of those who, as if by magic, divorced the obvious weather conditions from their result: grain imports. Leaning against their fences and looking on, these people ultimately attributed the failure to the system and the peasant farmers. They forgot about the weather and are joyfully reaping their harvest. It was a good year for them.

Their view is improper, however, if we consider the following. In 1960, farmers produced 8.8 million tons of the 10 main crops, which at that time met the demand of the 36 million Mexicans inhabiting the republic and whose consumption was barely 233 kilograms per person. Those were the days when we could boast of being an exporting country.

Things are different now; there are 68 million Mexicans to feed. That is why we view with greater concern the problems now besetting us. In 1978, the last year with normal weather, our peasant farmers produced 21 million tons of various crops and made possible a consumption of 364 kilograms per person.

In other words, tilling practically the same surface area, our farmers performed the feat of boosting food supplies by 141 percent since 1960.

I do not deny that some Mexicans are undernourished. On the contrary, we objectively drew up and made public these statistics and we are pursuing the strategy of the Mexican food system to rectify this major injustice.

What we regard as improper are the low blows dealt from all sides to our farmers, who have had to put up with droughts, frosts, lack of understanding and slander.

This is not right. Feeding the people of Mexico is the responsibility of all, not just our rural growers. Let us take up our responsibilities, each and every one of us. Let us esteem the prestige of work, not the work of lowering prestige.

Despite the disasters, the sector's trade balance during this period showed a surplus of 18 billion pesos. Thus, it is not true that we exported oil to import grains. I emphasize that we must look at each individual account.

Rice, bean, corn, wheat, barley and sorghum production totaled 16 million tons, down 18 percent from 1978. We should also point out that crop area was up by almost a million hectares. We worked more and lost more.

In contrast, our oilseed (sesame seeds, safflower, cotton seeds and soybeans) harvest was the largest ever, hitting 2.09 million tons, up 34 percent from the year before.

The wheat harvest was up 414,000 tons from the previous year's output, with total production of 2.6 million tons. We extend our gratitude to the nation's wheat growers for the efforts that they exerted in this trying period.

Productivity contests prompted wheat yields far higher than domestic and world averages. A single ejido farmer in Guanajuato garnered a yield of 10,810 kilograms per hectare, and another ejido farmer in Sonora got 9,529 kilos. These are our ejido growers, and there can be more of them, the merciless criticism from our cities notwithstanding.

I reiterate that our concern with producing all of the food that our nation's people demand should not cause us to overlook export markets.

The items that we sell overseas come from just 351,000 hectares, including cotton, chickpea, fruit and vegetable growing areas. If, as some people are recommending, the state ordered this area earmarked for different crops, it would be sacrificing foreign exchange, cutting down on jobs and, most seriously, curbing freedom of action and the right to work. People are generally unfamiliar with this information. We would not be helping things much by earmarking these relatively few thousands of hectares for grain, but we would be doing a great deal of harm.

During this administration, in addition to gains in agricultural modernization and productivity, we have opened up 600,000 hectares for rainy season farming, an additional 504,000 hectares of irrigated land and 474,000 hectares of reclaimed land.

Over the next 2 years we will redouble our efforts on these lands to incorporate a total of 2.1 million hectares with rainy season infrastructure, 1.2 million hectares with irrigation infrastructure and 1.4 million hectares of reclaimed irrigated land. So far, work is 29, 42 and 34 percent completed, respectively.

These delays are due to the lack of specific projects, a shortage of resources and a lack of flexibility in spending funds. This year we have allocated unprecedented amounts of money, seeing to it that it is spend in timely and effective fashion.

Three major irrigation dams have been completed, as well as six for small water projects for rural development; another 51 are under construction. Water projects refurbishing programs continue to move ahead to boost the productivity of existing irrigation districts. It is these lands that they we will benefit the soonest from. The details of these projects and other activities that we have undertaken can be found in the annexes.

In the case of isolated zones, we ordered the 200 regional CONASUPO-COPLAMAR warehouses to incorporate all farm support activities; moreover, branches of the Banrural will be opened so that growers will not have to make unnecessary trips and to free them from usury and speculation.

There is an enormous disproportion between the lands earmarked for livestock and the lands that we use to grow food and produce raw materials. For each hectare devoted to farming, livestock breeding has 10; each head of cattle has 2.5 hectares, whereas less than a quarter of a hectare is farmed to feed each Mexican. The ratio in other countries is 3 or 4 hectares per inhabitant.

Therefore, it is essential to convert land devoted to inefficient extensive livestock raising to agricultural use whenever an advantage is to be gained. This was how the agricultural wealth of Tamaulipas and Sonora was born.

In keeping with the nationwide need to boost food production to meet the demands of a population that is growing by two million a year, my administration has expropriated land in a number of regions, mainly 505,000 hectares in San Fernando, Tamaulipas, which will be devoted to rainy season farming, and 313,000 hectares to set up irrigation districts, among which the Pujal-Coy Project stands out.

But we did not merely expropriate them. We provided infrastructure to make them farm lands and then parceled them out.

The government of the republic is not an uncompromising expropriator. Its aim is to guarantee security in land ownership but at the same time to see to it that the people's food needs are met, abiding by the law in all respects. We will do nothing illegal or above the law. But we will make use of the law to boost efficiency.

In our humid tropical region 6 projects are now under way that cover 50,000 hectares with an area of influence of 500,000. Cattle raising will be more intensive, and almost 50 percent of the land will be earmarked for grain growing.

There have been major gains from 1972 to 1979 in the consumption of livestock foods, especially pork, poultry and dairy products, which in general are beginning to change and enhance the Mexican diet.

We acknowledge, however, that we have not yet efficiently resolved the problem of meat supplies, especially with regard to entrenched middlemen who are experienced in speculative plays.

Among other steps to resolve this, we are providing major credit support for ranchers so that instead of exporting calves they can fatten them here at home, avoid having to transport cattle on the hoof and distribute the graded meat.

The studies to determine summer-pasture coefficients, which will largely resolve the serious problems of inefficiency and insecurity in cattle breeding, have been concluded in 31 states and are now being implemented in almost 80 percent of them. We are thus freeing land for farming.

The growth in poultry and hog raising has prompted a higher demand for sorghum, which will total 6½ million tons this year, compared to just 50,000 tons 20 years ago. Sorghum is competing with and displacing

corn, thus making it less available as a food for the masses, while the sorghum, which is converted into animal protein, is consumed only by the upper-income classes. This is one of the unexpected demand developments that have thrown our agriculture out of balance. We are counteracting its effects.

The increase in our population calls for new approaches to our agricultural and livestock problems. It is an incontrovertible fact that if we continue to produce exclusively in accordance with individual interests, we will nullify the finest efforts of society as a whole and the best intentions of both producers and the authorities.

Hence, we will soon send the Congress of the Union an agricultural planning and promotion bill. It provides for the two most urgent steps that the country must take: programming output goals in accordance with national needs, and deciding how to best use our soil, water and producer organizations.

Rumormongers and the purveyors of disinformation are speculating about a bill that they are not familiar with. It will be sent in due time to this sovereign body. Then will be the time to speak up. Setting up straw men and then burning them is a curious exercise in self-satisfaction by iconoclasts.

We have completed work on a new forestry bill that will benefit those who are involved in the activity by more equitably distributing the profits that it yields. The statistics on logging production, reforestation and forest surveillance and protection can be seen in the annexes.

When our revolution was victorious, it called for the immediate distribution of land, either by giving it back to people who had been robbed of it or by assigning it to those who had none at the time, thus satisfying their thirst for justice. No wait was necessary, and it mattered little, with a sparse population and a traditional agriculture that lacked infrastructure or did not utilize what it had; neither was there assistance for production. Distribution was the revolution's first step. The old structure was thus shattered, and the new era was ushered in.

From 1915 to date, 97 million hectares have been parceled out among 25,700 ejidos, a process that has taken too long. Because of misrepresentations, border and succession conflicts, later claims, corruption and a shortage of resources to clear new land and create new population centers to colonize the farm frontier, land distribution is still a basic political activity that people expect of the revolution. On account of the legal uncertainties as to ownership, this delays our efforts at justice, which being constant and unending, do not stop at a distribution inescapably limited by actual available resources.

There are other fully revolutionary expectations that it is time to promote vigorously, such as production, productivity and peasant farmer income on the one hand and suitable, equitable distribution, marketing and consumption on the other. Only in this way can we reconcile the social interest of food self-sufficiency with the values of the Agrarian Reform.

In systematically programming our activities, it was essential for us to have accurate knowledge about our current actual agricultural conditions. I declare that it is in the public interest to draw up a national registry of ejido farmers, commune farmers, land claimants, small landowners, settlers, peasant farmers with unimpaired rights and owners of domestic plots who farm the land individually or in groups. During the period covered by this report, the first stage of this registry was begun in 14 states and in the Federal District, and 1.3 million agricultural workers were interviewed.

We are determined to complete the distribution stage so that that hope becomes a reality and an opportunity for socially useful and just work and so that the energies of demand are not exhausted in anticipation but are instead devoted fully to doing.

With this in mind, under the administrative reform and in keeping with program commitments, initial pending legal actions to take care of the agrarian backlog have concluded in 20 states and are moving forward on schedule in the remaining ones. First appeal backlogs have concluded in 15 states.

During the period that this report is concerned with, 1,146 miscellaneous decisions were handed down, involving 2.3 million hectares for the benefit of 74,677 peasant farmers.

Nevertheless, there is still a gap between decisions that have been published and decisions that have been carried out. The details can be consulted in the annexes.

The large landed estates that still exist through misrepresentation are poisoning and jeopardizing our agricultural climate. We reaffirm our renewed determination, which is backed by facts, to do away with them.

For example, we expropriated 32,500 hectares of the Cuchuta farm, which had been illegally subdivided, in the municipality of Fronteras, Sonora State, for the benefit of 500 ejido families. This was done at a daytime public ceremony, thus reflecting the trust that the district judge mentioned in this regard. We are thus resolving and we will resolve any apparent contradiction between our fundamental institutions, without destroying any of them.

As far as the settlements system is concerned, property rights over 2.1 million hectares have been legalized; 190,000 certificates have been issued to small landowners stipulating that their farm or livestock lands cannot be encumbered. As far as domestic plots are concerned, possession and usufruct have yet to be regulated on half of them.

I would suggest referring to the annexes for other documents certifying agrarian rights.

The Commission for Landownership Regularization has spelled out the legal procedures for improper homesteads over 794 hectares in urban areas.

In order to overcome the problems of economic scale inherent in small farm plots, we have pursued a strategy of organizing growers to secure inputs and services and to streamline marketing. During the period covered by this report, 1,821 joint organizations and 167 agricultural cooperatives have been set up. Technical assistance has been given to 2.3 million peasant farmers tilling almost 7 million hectares, and 390 ongoing training courses will begin tomorrow on Mexican rural television, the basic aim of which is to expand the production of essential foodstuffs.

Agrarian justice today means the comprehensive efficiency of society, efficiency from the grass roots up. Inefficiency and injustice have created the crucial problem of food shortages. Let us resolve without reservations, without pettiness to return to the countryside the elements that we have deprived it of. Today as never before, the legitimate interests of peasant farmers coincide with the essential interests of society and the nation.

The counterrevolutionaries can harbor all the illusions they like, but the lands are not going to return to either old or new estate owners. The unfair system of land concentration in a few hands, which the 1910 movement abolished with weapons, violence and bloodshed, will remain abolished forevermore.

The Agrarian Reform continues; it has currency and is not misguided; it is moving forward and, most important, we know where it is headed. I am accountable for the philosophy of the regime that I head. The Quijotes of straw ought not waste their time jousting with windmills. I have neither mouthpieces nor front men.

The pessimism of a few out-of-step individuals, shouting like trained dwarfs, must not cause us to undertake utopian or reactionary counter-reforms. Let us trust in our capabilities and foster fresh solutions based on democracy, social justice and freedom. Only a defeated people lose their ability to create and progress, and Mexico has not been defeated. Its greatest triumphs lie ahead of it.

## Fishing

At the outset of this administration, fishing held out great promise. Now, Mexico is the world's fastest growing fishing nation. Averaging 25 percent growth from 1978 to date, we now catch more than a million tons a year.

We must continue to diversify and spur the development of fishing and fish farming in order to achieve the Mexican Food Supply System's output and consumption goals (9.1 kilograms of fish products per person). Fishing development is based essentially on the establishment of a fleet that can take advantage of the country's resources and on a suitable ports infrastructure, both of which are under way. The details can be found in the annexes.

In addition, the newly created National Fishing and Ports Bank is financing the public, social and private sectors, from the construction of ports to marketing, including fishing-related industries.

As far as fish farming development is concerned, the activities undertaken so far have been geared toward producing food and creating jobs, with particular importance attached to rural and Indian regions.

Efforts are being made to diversify export markets and replace imports, so as to maintain the sector's net contribution at 11 billion pesos, the level at which it has been over the last 3 years. We expect to accomplish this, despite the recent problems with tuna.

In order to achieve greater efficiency in fishing cooperatives, the first fishing cooperatives survey was taken, and it will furnish information on more than 600 of these cooperatives. An additional 300 cooperatives with a total of 26,000 members have been reorganized.

A 4 billion peso investment program has been worked out for the comprehensive development of fishing through the country's southeast region.

We are moving forward with intensive training and research efforts, which are indispensable for achieving our scheduled goals.

Under the provisions of agreements for fishing by Cuban and U.S. vessels in Mexican waters and in keeping with the growth of the Mexican Shrimp Fleet and the program to bring in new ships, our commitment to assign shrimp quotas to both countries ran out last 31 December.

As far as fishing by Mexican vessels in U.S. waters is concerned, I should underscore that 13 joint investment companies operating 23 ships were affected by the cutback in U.S. quotas and by the

curbs on their activities. Thirteen other companies employ 34 vessels to fish regularly in domestic waters. Together with tuna-related issues, these are matters to be negotiated with the United States. We hope that law, good sense and the reciprocal interests of neighbors prevail in the search for solutions.

## Industry

Pursuant to our Industrial Plan we decided to go beyond the simple import substitution model that the country adopted as of 1940. Although it was understandable in its time, it cannot meet today's production and employment needs and Mexico's future requirements.

We have therefore focused our resources and capital goods on our most dynamic and productive activities, such as petroleum, steel, chemicals, petrochemicals, fertilizers and electricity. The petroleum, electricity and iron and steel units that we are now installing are among the largest in the world.

Only in this way will we be able to provide job security and the expectation of a higher living standard to the entire generation at the turn of the century.

It is not that we are exalting the present moment to make ourselves look important and to distract attention from current problems. It is to our advantage to properly channel activities and enhance them today, and it will be useful in the future. We cannot make mistakes today. We will not have another chance like this one.

Under the National Industrial Development Plan, industry recorded 9.9 percent growth in 1979, and this includes oil and the construction industry. We expect to surpass that rate in 1980.

The dimensions of our economy now enable us to intensify and expand the import substitution process and to penetrate outside markets. The condition is that we bring about, through determination and organization, greater efficiency, integration and new industrial processes, as well as take advantage of our relative advantages, raw materials, manpower and expanding markets.

Under the Industrial Plan a system of incentives is now fully in effect to develop selected areas and priority regions by channeling new companies, jobs and basic goods production there.

Parallel to this, we have reached production agreements with domestic industry in the branches of fuels, basic and secondary petrochemicals, inbond assembly, the terminal automotive and auto parts industry, cement, capital goods and mining-metalworking, all in the spirit of the

Alliance for Production and in order to meet the demand for strategic goods and services for industry.

The patterns of industrial production for the domestic market, which under the plan aim at satisfying previously unmet demands by the people, are tied to the Commodities Program and to the Mexican Food Supply System (SAS), as strategies involved in the battle against inflation.

Thus, the Industrial Promotion Commission worked out various development programs last year, including linens and small appliances, cement, farm tractors and the pharmaceutical industry, and others are in preparation. Work is also going on, in coordination with the Mexican Food Supply System, to promote the creation of agroindustries.

We cannot develop a capital goods industry or other metalworking industries without a sound iron and steel sector. Although through expansions and a better utilization of our industrial complex we have achieved spectacular gains in capacity use indices and in the coefficients of transforming iron into steel products, we require massive efforts and greater efficiency to meet demand, which will be almost three times greater in 1990 than now. Output for the first half of this year totaled 3,476 million tons, 55 percent of which came from the government-controlled sector, in spite of the repeated labor conflicts that it had, 30 percent from private firms and the rest from non-integrated companies. The second stage of SICARTSA, which is now under way, will cover 31 percent of domestic demand, mainly the construction and automotive industries.

Nevertheless, projected demand is so high that we would have to build a complex like SICARTSA every year to boost capacity to meet it. That is why we are seeking novel, efficient and independent methods of financing government-controlled industry. The choice is simple: either we produce, or we import and fail to grow.

The challenge over the next 10 years is to boost the operating capacity of the entire industry by 170 percent.

Before 1982 we will begin another major project.

As far as fertilizers are concerned, demand has not increased as much as for electricity, petroleum and iron and steel.

The domestic market has so far been covered with sales of 2.7 million tons, an increase of 18 percent over the same period last year. We now import practically no fertilizers.

The challenge is formidable, however: to fertilize two-thirds of our corn and bean acreage and to have a surplus for export.

The cement industry has achieved an output of 5.2 million tons, which is 64 percent above its goal. In order to prevent speculation whenever possible, we also decided to boost the factory price so as to widen the profit margin and control the price to the public, which has been kept at about 3,000 pesos a ton, depending on the cities or regions involved. Based on this and the agreements we have signed, we hope to achieve self-sufficiency in cement and then decontrol the price to the public. Concoalment and speculation maneuvers have reappeared in recent days; they are unjustified, and we will combat them vigorously. We have authorized imports as a complementary move.

The capital goods industry has not developed sufficiently to meet the demands of the expanding industrial sector, mainly the oil industry. The oil industry and our capital goods producers must coordinate their efforts.

About 17 billion pesos in investments have been channeled into the development of metal goods, metalworking and electrical machinery.

Their development is a priority in order to forge our own technology, reduce our foreign trade deficit and support our industry.

Government-controlled enterprises have been one of the underpinnings of the industrialization process by supporting, via prices and rates, the development of a wide range of production activities at the expense of their own profit margins, which has distorted their financial structure, thus delaying their expansion plans and robbing their managers of flexibility.

The net receipts (before taxes and financial outlays) of the main government-controlled industrial enterprises, excluding PEMEX [Mexican Petroleum], almost doubled from 1978 to 1979, rising from 13 billion to 23 billion pesos. If we include PEMEX, receipts tripled. These results were in spite of our policy of keeping prices low; in fact, they are 30 percent below what they would be if they had kept pace with the general inflationary trend of the last 10 years.

We want to make public enterprises more efficient and more independent and at the same time to guarantee more efficient control. The reconciliation of these aims should be an issue of the Administrative Reform, so as to prevent the feudalization of agencies or excessive bureaucracy at the federal level.

Public enterprise and private enterprise are not antithetical terms. One cannot replace the other; they are complementary and should be coordinated. This is the essence and reasoning of our mixed economy. Our large and small public enterprises have programs and budgets, which are guidelines to which they must adhere, showing flexibility

but discipline as well. Our private enterprises can coordinate activities within the Alliance for Production. Both of these forces are needed to coordinate comprehensive and sector programs and to guide them along a common road.

The electricity generating problems that arose 2 months ago are a manifestation of the crisis of growth that we are facing. They showed us the precarious balance at our installations, which are overburdened by mounting and unanticipated demand, in spite of the enormous efforts that we have put forth. We have installed an average of 11 percent extra generating capacity a year. We have had to double it every 6 years, but even in so doing we have been operating with narrower margins and with insufficient output to cope successfully with unexpected increases or emergency situations. In June, many minor and unlikely developments coincided. For example, because of errors in design we were unable to bring on line at full capacity equipment bought a number of years ago. Problems in providing preventive maintenance prompted accidents, and a prolonged dry season had a dramatic impact on the country's hydroelectric basins. One problem led to another, and all of them together triggered the crisis.

Cutbacks were completely abolished by mid-August, first those on industrial consumption and then those on household use.

We are taking steps to see to it, to the extent humanly and technically possible, that these power cuts do not recur.

In any event, we should give some thought to how very dependent on energy we are: when just one percent of kilowatt/hour needs over a 1-month period (eight percent) went unmet, the entire economy and all of us suffered.

This brings up a point that I would like to stress: How much does it cost us to do things, consequences and all, and how much does it cost us not to do them? This is one of the classic problems with curbing public expenditures, because important things are often urgent. To attend to them is inflationary, and not to is catastrophic. On occasions that is the choice: either inflation or catastrophe. The decision is not an easy one.

We are earmarking 50.6 billion pesos this year for our program of projects.

Over this period we have boosted operating capacity by 634,000 kilowatts: 300,000 at Chicoasen, 150,000 at the Guaymas steam-electric powerplant, 37,000 at the Punta Prieta steam-electric powerplant and the remainder at gas turbines, mainly in the northern part of the country.

Work is moving forward on the 1,308 megawatt Laguna Verde, Veracruz nuclear powerplant, which will give us access to nuclear technology.

At present, the National Electricity System has an operating capacity of 14 million kilowatts, distributed to 9.5 million customers in 22,000 population centers, thus meeting the needs of 73.3 percent of the country. We are also looking at a program to expand generating capacity by 700,000 kilowatts and insure that there are no more power cuts.

Our electricity sector has to cope with mounting demand, which is rising as rapidly as the industrial plan had anticipated, 14 percent a year, while at the same time making an extraordinary effort to diversify its energy sources. Geothermal energy, coal and nuclear power will gradually replace hydrocarbons, a nonrenewable resource that has more productive alternative uses.

#### Fuels

For many years to come, petroleum will be Mexico's and mankind's major source of energy, as well as a basic industrial input.

We have this petroleum. As of this date, our reserves are as follows:

Proven, 60.126 billion barrels  
Probable, 38.042 billion barrels  
Potential, 250 billion barrels

In December 1976 we were the world's 15th largest producer. Today we are in fifth place. With our previously proven petroleum reserves we were in 18th place; today we are number 6 and number 4 in the recovery of liquid gas hydrocarbons.

The efforts exerted by the oil industry will enable us to reach this year the production ceiling originally scheduled for 1982. At this date we are producing somewhat more than 2.3 million barrels a day.

The ceiling set on 18 March of this year is around 2.7 million barrels a day. We will reach this level next year. It should be regarded as a backing for both our domestic and our foreign economic policy. Here at home, as long as current conditions prevail, it will satisfy demand and any increases in it; it will give us financial self-determination and set the extent and the pace of the efforts that the economy's non-petroleum sectors have to exert. Overseas, it will enable us to meet our export commitments, which are tied in with our policy of cooperation, and it sets the limits to which we are willing to go if the conditions of the current international economic order

and its corresponding energy disorder continue to prevail. We are meeting our overseas commitments without engaging in speculation or distorting international prices.

Based on our reserves and the ratio of output to the country's development needs, we have a margin of safety of more than 60 years; the world average is around 30 years, and it is much narrower in the industrialized countries. We must maintain sufficient operating capacity to respond flexibly to any contingency.

Ixtoc I (which, curiously enough, means rock fire in Mayan) has been plugged and closed down.

A year ago, this serious accident was gnawing away at us and had us divided. We could not contain our emotions.

Today, it is just a memory that we can learn from, a source of satisfaction for those of us who tackled and resolved the problem, though perhaps a source of bewilderment and even bitterness for those who cleared away the black slick. But it made all of us aware that we were turning over a new page in our history: the grand opportunity of our potential, with all of its risks, call them accidents, spills or shortcomings of the will.

Other accidents have occurred and will occur in an industry like petroleum. We ought not to be frightened. They happen everywhere, to such an extent that a thriving international industry to deal with them has developed.

From the outside, with gestures and ambitions of Zarathustras and bereft of self-criticism, people began talking of the haughty profit-making motive, which has always been present in our relations with powerful nations, and at the Grand Commercial Congress of Philadelphia in 1900 the following cynical assertion was heard: "If the natives and their governments neglect to utilize their resources, they are useless servants, and therefore these resources ought to be taken away from these useless servants and handed over to those who know how to use them."

Mexico's petroleum is ours, for our development, ever since the nation salvaged it from the wasteful, profit-making control of the leaseholders.

Now that the problem has been overcome, I come before the nation to render my tribute of admiration and thanks to the workers and technicians who without yielding to adversity waged their battle and won it, the battle of our emergence and the battle of objectives. The bad times are forgotten. Let us guard against the ambition and envy of the Zarathustras. Mexico was victorious; we were all victorious.

Nevertheless, there are still some spiteful skeptics who refuse to acknowledge the all-important petroleum developments in our country today. These are the people who want to charge all of the import accounts to oil and, at the same time, exclude it from the export accounts, in other words, to deny us our great expectations. This is an odd complex.

We accidentally discovered fields with immense potential and unprecedented conditions and we have learned to control them. These are the fields that have enabled us to hit our oil output ceiling ahead of schedule. Two years ago Campeche Sound was just water; today, it is a dazzling spectacle of work and efficiency.

The multiplier effect on the nation's economy, stemming from the timely and unlimited supply of fuels, has been obvious, although it has had a serious impact by causing aggregate demand and consumption to rise beyond any statistical forecast. Gasoline consumption from 1977 to 1979 increased by 4, 9 and 15 percent, respectively, and it is also up 15 percent for the first half of 1980. We can clearly see the upward trend. The consumption of kerosine is also up 26 percent over the last 6 months. These rates of increase are higher than the traditional ones, which were around seven percent in the early 1970's. They have skyrocketed since 1979, particularly in the northern border area, where due to the low prices of domestic fuels, foreign users buy, export and store them. The consumption of Nova gasoline rose 30 percent; extra, 44 percent, and diesel, 13 percent. Not only are these increases out of proportion with traditional ones but they have shattered our consumption patterns as well. This forces us to think about carefully rationalizing fuel and using it more responsibly. Mexico today produces and consumes more gasoline than Italy, and we will soon equal France and England. We must give thought to how and for whom we are using it. We are being inefficient and wasteful and we must stop this.

As world prices have risen, our subsidies of gasoline and diesel consumption have increased greatly.

There is a stunning difference between what consumers pay for fuels here and what they pay elsewhere. This information is contained in the followup report.

I will cite just one example: natural gas is priced 10 times lower here in Mexico than what we sell it for overseas. Here we process it into fertilizers and nutrients for our fields; it is also used to produce steel and to create industries that in turn produce for other industries. Subsidies ought to be an incentive for competition, not an excuse for laziness.

Our ever-growing network of gas pipelines now covers half of the country, and because of it natural gas is now the nation's most utilized fuel, surpassing gasoline and fuel oil. We must consume still more of it, to rationalize the excessive use of liquified gas. The major pipeline that was built to link the southern network with the northern system (Cactus, Chiapas to Monterrey, Nuevo Leon) is now operating at capacity, and we are installing compressors on it to boost its utilization.

As petroleum substitutes enter the picture, we will earmark oil for nobler purposes, such as petrochemicals processing. At present, 10 percent of our output is used for this purpose.

Construction is winding down on the La Cangrejera petrochemicals complex, the largest, as a unit, that any country has ever built. The liquids reclaimer plant, which is also the largest in the world, is located at Cactus, in the state of Chiapas, and its gross output is comparable to Mexico's total oil production before the 1938 expropriation.

Petroleum is not the ultimate objective of this administration's efforts. It offers a historic opportunity for Mexico, the opportunity to abandon once and for all the status of a country that has had a colonial past.

Petroleum paves the way for genuine balanced development with financial self-sufficiency, but we must realize that it will not last forever. We find ourselves today at a propitious juncture that we must take advantage of.

In exercising its sovereignty, which is an absolute right that has no degrees (because a nation is or is not sovereign), a country must have conditions that lend solidity to that sovereignty vis-a-vis other peoples. In this regard, our oil represents security for Mexico because it contributes to our economic independence and to a more just world order.

#### Tourism

Despite overseas recession and inflation, the results during the period covered by this report are positive and encouraging. More tourists than ever have visited our country, 4.2 million. This is a four percent increase over the previous period.

Foreign exchange earnings from tourism totaled 39.1 billion pesos, which combined with earnings from the consumption of goods and services by border tourism (62 million crossings), gives a total of 121.9 billion pesos, up 31 percent from the previous period.

Early this year we enacted the new Federal Tourism Law, which sets forth the basic policy principles for rationalizing tourist activity, as well as the national plan for this sector.

In order to guarantee the necessary facilities, as prescribed in the goals of the National Tourism Plan, a total of 6 billion pesos in public and private investment was injected to develop the infrastructure to build, for the medium and long term, 61,700 tourist dwellings, which will of course also provide that many more jobs.

Over the period of this report, Mexicans took 40 million trips inside the country, spending a total of 50 billion pesos, which was a major contribution to the geographic and social redistribution of national income. Our labor unions and organizations did an outstanding job in developing the programs that enable the masses to also exercise their right to relax and to enjoy the benefits of our culture and history.

To this end, the Worker Tourism Trust (FIDETO) began its operations.

We have substantially intensified our efforts to train people for the tourist trade, which offers wideranging possibilities for employment.

#### Transportation and Communication

By virtue of effective cooperation among authorities, those providing services and users, coordination manifested in programs and commitments, motor vehicle transportation, railways and the ports system have joined efforts to meet the mounting demand prompted by our economic expansion. At the same time, we have had to import grains over a brief period of time, which congested the traditional system and pressured it to unprecedented extremes. Railway convoys and specialized fleets of motor vehicle transport were employed to cope with the problem.

During 1979, land cargo traffic increased 8.7 percent, reaching a total of 348 million tons. Eighty percent was carried on federal motor vehicle transportation, and 20 percent by railway, to which end we had to add 178 locomotives and 3,000 cars.

Cargo traffic will hit 360 million tons in 1980, an annual rise of 9 percent.

CONASUPO's imports alone entailed transporting 5,070,409 tons between January and June of this year, up 17 percent from 1979 and up 27 percent from 1978.

The transportation of fertilizers, steel and oil industry products, equipment and piping has been taken care of in accordance with its import and supply programs. Because of the temporary inadequacy of the railways, the heavy use of motor transport has understandably caused delays and at times higher costs, but we were able to resolve the basic problem of supplies during moments of distress.

The cooperation of the public and private sectors has enabled us to retain participatory work as a way of resolving our problems by ranking demands and giving priority to our most urgent needs, principally in the areas of foodstuffs, fertilizers, iron and steel and fuels.

In all, we have attained a level of services that has surpassed our forecasts. My thanks go to those who have made this possible. It has been a useful experience.

As far as railway infrastructure is concerned, I should underscore that the 200-kilometer stretch from Corondiro to Lazaro Cardenas has entered service to support the industrial pole at that port. Work is also moving forward on the double track to Queretaro and on smoothing out the curves and gradients to update our rail system. This is of fundamental importance so that our railways can meet the needs of accelerated development, which would otherwise be hamstrung. These and all other unfinished projects are being given priority attention.

We have continued our policy of developing the merchant marine and we have expanded our ports infrastructure with new docks, yards, warehouses, piers, dredging and port equipment.

The Intermodal Transisthmus Service, a decentralized agency, was set up and the first intermodal transportation enterprise was formed to support combined land-maritime transport. This will insure that we Mexicans can handle container transportation within our borders.

With regard to telecommunications, I would emphasize the startup of the Tulancingo II and II earth stations. The former enables our country to communicate via satellite with Europe, Africa and South America; it has 520 telephone channels and 4 channels of television signals. The latter transmits television signals via satellite from Mexico to the United States.

There are 446,000 more telephones in service in our cities, making a total of 4.8 million. We decided to bring in the new digital technology.

We have begun the rural telephone program, which sets priorities for bringing telephone service to 13,500 towns with between 500 and 2,500 inhabitants each over a period of 9 years. When it is completed, 85 percent of the people in this country will be linked via telephone.

Our experiences have been trying but useful. We have confirmed that the modern world depends on transportation. Those who argued at one point that ought to skimp on investments in this sector were wrong. We are paying dearly now for what was proposed as savings or as easing the pressures on public outlays. It must not happen again. Once more it is a choice between inflation and catastrophe.

#### Human Settlements

One of the demographic goals of the Comprehensive Plan, in addition to family planning, is to reverse the trend towards the concentration of population on the plateau and in our crowded cities, to move people towards industrial ports and, moreover, to distribute them in areas with the greatest potential. This is why we are offering incentives in this regard as part of the Industrialization Plan, while respecting the right of people to travel and settle where they wish.

Through agreements with the sovereign states that respect their freedom of action, we have gone to the municipal level to foster integrated and balanced urban development, taking into account land, housing, services, infrastructure, equipment and urban ecology needs.

Only by bringing plans down to these levels, by organizing production sectors and social groups and by promoting the development of medium-size cities along the gulf and border that can attract tourism, will we prevent our cities from growing abnormally large and sprawling.

Public works thus become a key element in regulating the population and extending the benefits of development.

In guiding and controlling these trends we have had to take care of emergency situations stemming from population pressures and the inertia of undesirable settlements, but our actions can be based only on anticipated developments.

In addition to altering the country's highway traffic and promoting the development of our main regions, the Link-up Systems Program has brought national economic development to border zones.

Through coordinated efforts by the state governments and the Federal Government, 23 new federal highways are being built and 27 were rebuilt or modernized.

As part of our strategy to take care of isolated communities, we decided, in a minimal effort at social justice, to establish road links with 90 percent of them 18 years ahead of schedule. The first 4,700 kilometers, benefiting 1,500 towns, will be completed this year. Abandonment, abuses, bossism, everything that an isolated, underprivileged status involves, will be eliminated through this effort at communication. This is something else that we owe to our underprivileged citizens.

With the same goal in mind, we have pledged to make extraordinary efforts to bring water and sewage systems to 15 million peasant farmers who lack them. This year, we will spend 3.697 billion pesos on 741 projects to provide these services to 2 million Mexicans, which is as many Mexicans as have received these services in these zones throughout our history. We will reach our goal in 1982. Water is nourishment and health, an elementary right that cannot be deferred any longer.

In cooperation with the state of Nuevo Leon, the Federal Government is exerting an unprecedented effort to resolve the tragic problem of the drinking water shortage in Monterrey.

In Mexico City we have expanded the secondary water system by 789.8 kilometers at a cost of 657 million pesos, which mainly benefited 1.334 million residents who are also underprivileged. The primary system was expanded by 17.2 kilometers at a cost of about 270.8 million pesos.

We are bringing in water from the far-off Cutzamala Basin, no longer just from nearby basins. Work is continuing on the deep drainage system.

We realize that existing problems are caused by the gigantic, overcrowded center that our capital has become and that only with the active, conscious, patient and coordinated participation of all will we be able to resolve them.

Hence, we are encouraging people to participate through neighborhood representatives. Grass roots representatives have been chosen and grouped together on the basis of the smallest urban and zone unit: the block. So far, 30,654 committees have been set up.

The Federal District's 18 million daily commutes are handled 19 percent by private transportation and 81 percent by the various modes of mass transport.

We must therefore urgently resolve our roadway problems in order to streamline transportation. There are currently 2.2 million vehicles

in the Federal District; and if the current motor vehicle growth rate, 10.2 percent a year, is maintained, there will be 2.67 million by 1982.

In January of this year we began the second stage of the urban expressways, stretching 91.3 kilometers, at a cost of 624.3 million pesos. Also, the mass transportation system (the subway) was expanded to a current length of 53.8 kilometers, with 57 stations.

Various other major projects were also begun to streamline Mexico City traffic and make it safer. Among them I should stress the remodeling of the Peripheral Highway, which will consist of rebuilding 10 lanes over an 8.5 kilometer stretch and overhauling another 34 kilometers; in addition, the mercury lamp lighting system is being replaced with sodium vapor lamps, which save energy, last longer and provide five times more light.

We appreciate the understanding and patience of the residents of our city.

We have continued the forestation and reforestation program in the Valley of Mexico to counteract the deterioration of the environment.

Several urban renewal and housing improvement projects have been started up in the Federal District.

Efforts are continuing at codifying landownership. At the start of my term of office, almost half of the real estate in the Federal District was unregistered. We expect to have them all registered by 1982. The program is ahead of schedule. This was one of the most persistent demands during the campaign. Legal certainty will revitalize urban life.

#### Health Care and Social Security

With general health care conditions reflected in our population increases and in the pertinent indicators, we have endeavored to distribute health care services among underprivileged groups and we have succeeded in overcoming the inertia that created insecurity for these groups because we lacked the capacity or because they did not have access to the services that the country owes them simply because they are Mexicans.

This year 1,215 new IMSS [Mexican Social Security Institute]-COPLAMAR Rural Medical Units and 41 Rural Hospital Clinics have been built to provide health care services to 10 million peasant farmers in 20,000 towns who previously had no medical care.

Thus, 42 million Mexicans, well over half our population, are covered by the various social security and solidarity systems.

Almost half of our population consists of children under the age of 14. We are gathering data to come up with a profile of them and thus to focus the finest efforts of our health care institutions throughout the country.

The System for Complete Family Development (DIF) has adopted the model of minimal social welfare to also give priority attention to the children of our underprivileged citizens, by organizing communities so that they themselves can seek solutions to their problems.

This organization has been educating the people with regard to their dietary habits and has been giving them dietary supplements.

The school food program has expanded substantially, as 350,000 breakfasts are provided every day. The Mexican Food Supply System is backed up by more than 70 million LACTODIF rations and powdered milk rations for unweaned infants and pregnant mothers, rations that are distributed within the communities.

The merit of our development model and of DIF input has become known internationally as countries with social problems similar to ours have become interested in it and have asked for our cooperation and technical assistance.

One of the gains achieved as a result of the International Year of the Child has been the incorporation of children's rights into the constitution.

Health care education has been successfully intensified, especially in terms of the goals of the Mexican Food Supply System.

Since its outset, the Family Planning Program has encompassed almost 2.2 million women. The results were reflected in the census.

Preventive and curative medicine services continue to be developed and improved. Consult the annexes for the statistics in this regard and for the data on the construction of hospitals and medical units, ISSSTE housing and auxiliary services. The figures are impressive.

I will only point out here that 1 year after the National Immunization Card was introduced, the number of immunizations administered averages 2.2 per each card issued, in other words, 5 million immunizations.

To shore up, albeit to a very small extent, the eroding income of those who no longer participate directly in the job market, I will send this Honorable Congress a bill to reform the Social Security Law calling for a 37.5 percent increase in the minimum retirement pay. This measure, which will benefit all retired persons, entails an additional cost of almost 3 billion pesos.

Sixteen new rehabilitation and special education centers will be built in the states lacking these services to care for an estimated 4.8 million disabled persons (7.1 percent of the total population), who live mainly in the provinces.

Environmental pollution is a serious social problem. Its prevention and the preservation and enhancement of the environment are a task and a responsibility that all citizens (people and government) ought to share as a true expression of solidarity in facing our destiny with dignity and in handing over the Mexico of the future to our new generations.

#### Education, Science and Technology

Mexico will be whatever we Mexicans are capable of being and doing. Hence, education is an enormously important task.

It is with great satisfaction that I can report to the country that during the upcoming school year we will be able to assure complete primary school education for all Mexican children for the first time in our history, even underprivileged children, who are making use of schools in homes.

This breakthrough is the result of the ongoing educational efforts of the governments of the revolution, and not just in recent years. It was established as a goal 63 years ago, when just a handful of urban children had access to schools, and today we have attained it, in spite of the enormous population increase that the country has recorded in the meantime.

Primary school for all our children is the fruit of persistent, patriotic, loving work by hundreds of thousands of Mexican teachers who have served in the schools set up by the revolution. I render homage and extend recognition to those teachers for a job well done.

It is now up to heads of family to take advantage of this new situation to afford their children the chance to get an education.

We are aware of the economic difficulties of many Mexican families, whose children help out by working from a young age. We ought to remember, however, that parents have an obligation to send their

children to elementary school. Education means human accomplishment and a greater capacity for social and political participation. It is the finest inheritance that we can leave our children. By influencing our children to study, we are fulfilling our highest duties: as parents and as citizens.

Educational services have expanded extraordinarily. As of the upcoming school year, just about one of every three Mexicans will be attending school, or enrolled in an open education course. This is a nation that is making a full-fledged educational effort. But we have to upgrade the quality of teaching and learning. We have to open up opportunities that are more in keeping with the needs of our production system at the intermediate and higher educational levels and we must give the 20 million of our fellow countrymen who have not completed primary school the same opportunity that our children now have.

Primary and secondary school books for adults are available at 7,000 CONABUPO stores throughout the country, which also now has the means to accredit the studies of individuals opting for the open systems. Self-education is an effort that our citizens have a duty to undertake.

Those attending schools should realize that while they are opening up new personal horizons, they are building a new Mexico that can make full use of its people.

The first demand that Mexican teachers posed to me during my campaign for president of the republic was the National Teacher Training University. This university is now the foundation on which we will mount our major efforts to enhance the quality of the education that we provide. Established with the utmost academic care to serve teachers, it accommodates more than 50,000 active instructors at 62 units throughout the republic through a system of outreach education. It will soon open its new headquarters in Mexico City, at which close to 3,000 teachers will enroll for their fourth semester of undergraduate study, as well as several hundred in postgraduate courses.

The most significant mission of university communities is to delve into our serious national problems and the shortcomings that have been with us throughout our development as a nation so that they can be grasped and resolved, and to insure a unity of information and a plurality of approaches. This should not be a fruitless confrontation with realities that cannot be changed, but rather a freely undertaken activity in keeping with the need to serve the people. Universities represent one of our best chances to transform the country.

Higher education centers have been free to select their roads and choose their objectives. Their autonomy has been respected, because it entails their highest responsibility. And to reaffirm this

autonomy, last October the Executive Branch sent this Honorable Congress a bill with additions to Article 3 of the Constitution, which was passed after wideranging debate.

Universities must be critical but not Manichean. The state and society need their understanding in a planning system that is convincing to all and that benefits society. It is essential to keep lines of communication open and to aspire to mutual trust.

In the years to come we must tailor the training of our professionals to regional and local needs, broaden and extend research and guarantee the rational use of resources allotted to higher education. It does no good to hold a degree and not be able to practice due to a lack of solid background knowledge and real-world skills.

Along with professionals, intermediate technicians are a pillar of a modern and efficient economy. Two years ago enrolment in technical courses of study stood at 35,000; today, it is more than 50,000.

This gives us an idea of the progress we have made in training manpower to support the development of industrial districts, our expanding oil industry and the Mexican Food Supply System.

Over the next 2 years we hope to train 600,000 peasant farmers so that their well-being and the country's food independence can be insured.

Through the National Council for Science and Technology we are fostering technological self-determination and through FONAPAS we have sponsored 8,000 events to advance culture, education and artistic creativity.

Education and training, the state's number one obligation, are thus becoming a guarantee of national development through the social justice that we are administering. This is a debt that we must pay off, while making use of the interest on it.

#### Foreign Relations

Mexico has diplomatic relations with 137 countries, having recently established ties with the Democratic Saharan Arab Republic.

We all live in a world threatened by grave forebodings that are becoming more complex every day. Two-thirds of mankind has been bypassed by progress, and in order to preserve the progress that they have achieved, the great powers are reviving the specter of a new cold war and are creating conflicts all over the planet. They are engaged in imaginary crusades, and their political logic has become a historical contradiction.

Mexico's independent voice has rung out in various settings and forums to underscore the need to dismantle the formidable war arsenals that the major powers have built up in different regions and to forge an order that is more just and more respectful of nations and their sovereignty.

This is our choice: either we transform international disorder through coordinated, consistent and just actions, or violence and poverty will lead us back to the dark ages.

On 27 September 1979 Mexico proposed that the United Nations draw up and implement a World Energy Plan to effectively help resolve the energy problems that most of the world's countries are facing and that are prompting increasing imbalances and difficulties in the global economy.

The Mexican proposal is based on the assumption that energy is the shared responsibility of the international community, to assure an orderly, steady, comprehensive and fair transition from one era of mankind to another, from one world energy structure to another: the present structure, based on the often excessive, wasteful and unbalanced use of rapidly depletable fossile fuels, oil in particular, and the future structure, based on the rational, orderly and increasing utilization of alternate, renewable sources of energy that all mankind can enjoy in a more just and more equitable international economic order. The proposal is regarded as part of the new international strategy that governs and channels worldwide negotiations and cooperative efforts in the fields of raw materials, energy, trade, development, currency and finance.

In addition, as a partial and temporary illustration of the World Energy Plan, Mexico and Venezuela have worked out a cooperation agreement with Central American and Caribbean countries whereby they are being guaranteed enough oil to meet their needs and are authorized to receive loans to cover 30 percent of the going market price. When appropriate, these loans would be placed into funds that could be utilized at just four percent interest and over long terms for development purposes. Energy projects would enjoy interest rates of just 2 percent and terms of up to 20 years.

Two developing countries are thus turning their words into actions. We are respecting the decisions that OPEC has made regarding a reassessment of raw materials and we are establishing a system to support developing countries that import oil.

We feel that this fitting effort should encourage other states to undertake similar ones, not just in the field of petroleum but in all of the fields of development, mutual respect and international social justice.

After 34 years Mexico was finally elected a non-permanent member of the UN Security Council in 1980. We have accepted, aware of the risks that membership entails. Gone are the days when isolationism was a valid means of defending oneself. Remaining in our shell did not protect us; it made us more vulnerable. Mexico has the standing to participate as an independent in all forums. Faithfully abiding by the principles of our foreign policy, we have taken part in examining the cases of Iran, Afghanistan, Palestine, Lebanon and Zimbabwe. And we reiterate our condemnation of the ignominious policy of racial discrimination in South Africa.

Mexico's foreign presence was bolstered by the 10 state visits and the 1 working visit that I made during the period covered by this report and by the five trips to Mexico that various foreign leaders made.

Almost 1 year after my meeting with the American president, the daily, complex and wideranging relations between Mexico and the United States have gained in clarity. These mutually useful, flexible and cordial relations are in keeping with our position as neighbors. There is nothing that we cannot resolve through mutual respect for ourselves and our rights and with a firm and independent political will. We want a dignified and upright place in the world, not a seat in an area of influence.

Seven U.S. tuna boats were recently seized by the Mexican Navy for violating our laws, and this prompted the U.S. Government to order tuna purchases from Mexico suspended.

We are confident that reason and law will prevail and we continue to seek a mechanism to guarantee the just rights of each country in the area (North, Central and South America) to these valuable resources that we must preserve. Disorder will lead to their extermination. In the face of threats, embargoes and abuses, Mexico will maintain its principles unchanged, because whereas tuna is a matter of economic interests to others, to Mexico it is also a problem of sovereignty. And neither now nor ever will we be willing to negotiate our sovereignty.

We are pleased that the Panama Canal treaties have gone into effect. By removing this enclave they have begun the process of giving Panama back its land under the best omens and in keeping with the desires of the Panamanian people themselves. When a nation is forced to share its territory, the exercise of its sovereignty becomes sheer fiction. We applaud the American executive's decision, which does honor to the nation's strength by respecting the rights of others.

In Nicaragua we witnessed the birth of a society that is determined to respect its plurality and that seeks to combine freedom and justice. Looking at the faceless crowd gathered in Managua, I saw youths who became adults by flirting with death. With their sacrifices they remind us of our responsibility to future generations. We reaffirm our support for the creation of an inter-American agency to help rebuild Nicaragua, to which we have given, without strings attached, all possible support commensurate with our economic status.

We have aided, strengthened or spurred all efforts at Latin American integration and denounced episodes that have extended the black stain of repression, high-handedness and dictatorships. Without sensation-alist haste we seek to be useful as we monitor the course of events.

At the Sixth Council of the Latin American Economic System (SELA) Mexico formulated major proposals to achieve quick results. We also took part in the revamping of the Latin American Free Trade Association (LAFTA), which is now the Latin American Integration Association (ALADI).

We are confident that we can hammer out a common stance to facilitate solutions for the economic problems of our region.

We have worked out comprehensive bilateral economic cooperation arrangements with Japan, Spain, France, Sweden, Canada and Brazil that provide for an integrated and increasingly complex and diversified approach to our economic relations, including trade, finance and industrial and technological coordination.

This comprehensive, package approach goes beyond isolated trade relations and adds a new dimension to our bilateral economic ties. Petroleum and other resources, products and services will be exchanged for cooperation in Mexico's economic development.

Furthermore, as we saw with the FRG, we had essential common ground in all instances, especially regarding the need to come up with peaceful solutions to world conflicts.

In this same spirit I have just made a swing through Costa Rica, Panama, Brazil, Venezuela, Nicaragua and Cuba. We hammered out momentous agreements, and my conversations with the leaders of these countries transpired in an atmosphere of understanding that will unquestionably foster intensive and frequent consultation within our region. I feel that Mexico's independent stance could be a unifying element among Latin American nations, which, sad to say, have taken separate stands that seem increasingly incompatible.

Mexico has lent its support to the organization of a top-level meeting at which a limited number of representatives of developing and advanced countries would strive to overcome the main obstacles to international economic negotiations.

We are opening our doors to the world to understand it better and to understand ourselves better. We seek neither to subdue nor to teach anyone, nor do we surrender in the face of foreign powers and prestige. Mexico has its ideas and its honor; they enhance our desire to cooperate and the friendship that we receive.

Global society is the result of history, not reason. Countries are what they have been able to make of themselves, not what they would like to have been. It is a poor approach to judge Mexico's relations as a function of personal preferences or antipathies. The pluralism that we practice domestically is also our norm of conduct abroad. Fellow countrymen owe each other respect, even if we are not always in agreement, and this also applies to countries. This is the best guarantee of peace.

Honorable Congress of the Union:

It will soon be 4 years since I took up the nation's weightiest political responsibility. I am now beginning to feel the anguish of my longing to serve and to fear that I am not fulfilling the hope that I might have represented, in accordance with the time and the trust that were accorded me. I am aware that we judge ourselves by our intentions but that it is fair for others to judge us by our accomplishments. Time, which was the setting for our intentions, is now beginning to curtail our opportunities.

I am today reporting on the 4th of my 6-year presidential term, which from its outset was conceived as a planned sequence of three 2-year periods: recovery, consolidation and accelerated growth.

The most important thing initially was to salvage our production structure without classifying it. It was the only one we had. Our employment arrangements and social justice institutions were tied in with it.

The first 2-year period, the economic recovery, was satisfactorily accomplished, and we also achieved one of the two priorities of our original plan, energy development. This was possible because we all wanted it and we thus regained confidence in ourselves. If this had not come about, I do not even want to think about the deep hole we would be in. Just imagine if Mexico had to import oil. I would have to resort to apocalyptic terms to describe such a situation, which I do not care to do.

We thus emerged from extreme crisis, which I have previously defined as recession with inflation. The recession is over, and although inflation is still an erosive force, we no longer have the wage-price spiral. We are experiencing the problems of growth and global disorders.

I knew that it would be easier to restore the economy than to consolidate gains in it, and I said as much. It took only 2 years at 8 percent growth for us to outgrow everything and for the restraining and congestive consequences of the depression a few years ago to appear. Our most enterprising sectors and regions have been responsive to the new opportunities, but other sectors and regions have not yet managed to overcome their obstacles. We can see vitality, but not balance in our country today. There have been gains and there have been shortcomings; we have accomplished much but much still remains to be done.

Inflation has been the result, a complex combination of subjective and objective, internal and external factors that have already been explained all too much. The important thing today is to control it, not to keep on explaining it.

There is little we can do about its external causes, but we have done what we could, unlike everyone else, it is fair to say.

Mexico has proposed a new economic order and a world energy plan to combat the causes of inflation: disorder, recession, exploitation and abuse. We have also given our example, modest though it may be: the agreement with Venezuela to provide oil to Central America and the Caribbean.

It is the internal causes of inflation that we must attack with a determination to make decisions and to take action.

With 2 years left in my term of office, I would like to summarize for this sovereign body my convictions and my plan of action:

We are hastening the Comprehensive Plan to coordinate our political philosophy, the country model that we want and the objectives that we have set to this end.

We can do things well if we realize that our nation is the basis of our society and state and that its strength is the gage of our true solidarity. If we forget this elementary truth, nothing will work.

We are politically and legally united, because we are Mexicans and as Mexicans we will tackle contingencies together, but we will also enjoy the fruits of a safer and freer life as long as we are fair with and

among ourselves and with others. If our selfishness or group divisions are carried to extremes, we will be taking advantage of the system by exploiting and robbing from each other or we will be neglecting the needs of others and destroying the basis of Mexicanism and its values. Neither classes nor trade unions can replace it. Medieval times would ensue, everyone against everyone else, vassalage and fanaticism, terror and disorder.

The great worth of our system is the freedom it offers, with all of the risks that freedom implies. It allows individual initiative and individual rights, but if this initiative does not square with social needs, it leads to injustice and privileges. That is what has happened throughout our history, and it is made worse by inflation, which threatens our security. We must not forget that freedom, justice and security operate as one harmonious whole. If one is out of balance, the harmony is lost, and disharmony ensues.

We must not lose our freedom by putting up with the excesses of the wealthy or by opposing the grievances of the poor.

Political systems decline when they become incapable of resolving their internal contradictions. We have to reconcile freedom with necessity, power with duty. This is, of course, the state's duty as the helmsman of the economy and the great legal rectifier of distortions. But it is not always enough. We have therefore turned to an alliance with the sectors, which find fault with those who offer dictatorial solutions and do not approve of those who abuse freedom. We have chosen to persuade, to recommend and to point out the results of the dialog and of reason rather than to engage in coercion and scare tactics or to abolish freedoms, a road whose beginning we know but whose end we can never ascertain. We must proceed along paths of respect, seeking out not the guilty but the responsible. Free, not coerced; alliances, not mutual destruction.

We are constantly expanding the programs to benefit our underprivileged citizens through the COPLAMAR coordination system, which this year succeeded in channeling more than 22 billion pesos from various sectors towards the goals that I mentioned in the body of this report. There will be a substantial increase next year. This reflects our determination to achieve irreversible social justice, the ultimate goal of the revolution.

We will move forward with the political reform. Through effective and broader pluralism, we seek a more responsible exercise of freedom, the respectability of the state, not just the dignity of the individual.

The objective of the reforms is to make our elections more open and competitive. Unnecessary academic dissertations notwithstanding, there is no reason to confuse the internal process that each party observes to select its candidates with the election process provided for in our laws; nor should we absurdly assume that democracy is nothing more than elections. It is a whole lifestyle in itself.

We will not take a single step backwards in the agrarian reform. On the contrary, we will put forth all of our finest and most consistent efforts to spur it on.

It has shortcomings; let us correct them. It is overwhelmed by defects; let us get rid of them. Let us learn from experience so that we do not repeat our mistakes or perpetuate injustices. But let us not deny the roots and the motivation of our social movement. Let us not allow it to become a nightmare of bad consciences, caused by those who misrepresent their status and fear the law or by the skeptics who fail to analyze our history and our current conditions.

We reject the biased notion that agricultural efficiency requires that the demands for justice be repressed. Our agrarian reform is not beginning today. It is a lengthy process that begins with the parceling out of lands--an obligation of justice--and continues with the organization of production--a requirement of efficiency--without which justice slips from our grasp.

Through efficiency, the distribution of lands must become a distribution of jobs, productivity, output and income. Our agricultural system rejects opportunists and does not need timeservers. The ejido cannot die because the Mexican Revolution is alive, at work and renewed.

Conceived as an ongoing process, the administrative reform will continue to be an instrument for enhancing national development. We reject the artificial dichotomy between politicians and technicians. Substantive and subordinate elements are not mutually exclusive; they are complementary. Technique is the proper means of accomplishing things; politics, the science of values and decision-making, determines what things and when. Since Plato we have condemned technocrats, not because they are knowledgeable but because we cannot accept dictatorships of men, regardless of how wise they are. On the contrary, we want governments of laws, which constitute the setting for democracy. We will not fail to take advantage of people who know how to do things properly, as long as the things that they know how to do are in keeping with the political goals we wish to achieve.

The current situation forces us to take vigorous action towards very specific goals: asserting more strongly the right to a job, bolstering wages and producing more and better so that we do not

once again try to combat inflation by slowing down the economy and basic demand, which has been the nightmare of countries with low living standards and the cause of major social imbalances. I refuse to accept such prospects for Mexico. Let us show the world that there are other solutions. We will put them into practice.

Thus, within the structural goals of the Comprehensive Plan, we will tailor the fiscal reform and the people's democratic alliance for production to the strategies of the Mexican Food Supply System, the Basic Production Program and the Productivity and Training Program. We view them as strategies in that they will coordinate all of the necessary incentives, supports, agreements and other activities on the part of the public, private and social sectors to attain the objectives of each system or program within the plan.

The basic products plan has identified 91 items, food, clothing, school supplies, durable goods, etc that make up the basic items of mass consumption. They are financed, produced, distributed and marketed so that they are available and affordable, as I will spell out later on.

Because food items are so obviously important, we selected the ones that would make up a recommended basic diet. In this way, depending on regional, urban or rural conditions, we could make the SAM a comprehensive effort, from output tied to the earnings of better organized peasant farmers to the distribution and marketing of food items consumed by the masses. The state will share not only the risks of disasters but also the cost of production incentives if they do not yield results; it will guarantee peasant farmers their normal earnings in the event of failure and their profits if they are successful.

I do not have to repeat what our productivity and training programs are about. I would only stress the urgent need to create more and better distributed wealth, to enhance the country's competitiveness and, hence, to overcome the limiting factor of inadequate training.

Therefore, in order to curb inflation and alleviate its impact on the masses while continuing to pursue the accelerated growth of the past 2 years, the following series of decisions have been made, which coordinate the effects of public spending, subsidies and transfers, tax measures and credit as follows:

We will see to it that the size, orientation and pace of spending do not make the economy unproductive. We will prevent the money supply from exploding through legal reserve requirements and monetary measures.

Subsidies and transfers will be based on criteria of selectivity, effectiveness, efficiency, timeliness and terms and will be earmarked for new investments and programs in keeping with the Comprehensive Plan and especially the basic products and SAM strategy. Increasing amounts of credit will also be allocated for the same goal.

As a complementary step, we will boost the prices of articles and the rates of services that mostly our highest-income groups utilize. Although in the short run this could trigger price rises, its long-term effects are anti-inflationary, in particular because we will be able to put public finances on a sound footing.

I emphasize that we will proceed prudently, taking only the action that is feasible and attending mainly to the cases that are most at odds with the goals of this new policy.

As I explained in detail previously, we will institute a major income tax exemption for physical persons to protect the real income of low wage earners. This represents a tax cut this year of 10.65 billion pesos.

We will exempt from the VAT almost all of the 91 items on the list of basic goods and when this is not possible for technical reasons, we will issue tax promotion certificates to manufacturers. This will be a loss of 9 billion pesos to the Treasury. We will boost taxes on luxury items.

Similar measures will be encouraged in states and municipalities, and their costs will be offset by federal transfers under the Fiscal Coordination Law.

Some 175 billion pesos are being channeled through government banks and economic development funds to insure that our full operating capacity is earmarked for priority programs. Next year we will budget 225 billion.

As far as credit is concerned, aside from discouraging loans for luxury purchases, we will allocate them to further the aforementioned strategies.

With an 11 percent increase over the next 4 months, we will earmark 90 billion pesos this year for farm credit to aid 1.9 million growers. Next year we will provide 118 billion pesos to 2.4 million growers.

We will boost from 2 to 4 billion the loans that FOGAIN awards to 3,400 companies for the production of basic industrial items. Next year we are providing 5.5 billion to double our support for small- and medium-scale companies.

This year FONACOT will obtain 4.3 billion in additional funds, as well as 12.5 billion next year, to establish the catalog request program that through assured demand will help to plan production, cut costs and optimize operations. Blue-collar wages will thus be protected and boosted.

Through their respective funds, credit unions and cooperatives will receive 1.76 billion in extra money this year and 3 billion next year to update their methods of producing, distributing and marketing basic items. In addition, the debts that fishing cooperatives incurred for the purchase of boats will be renegotiated for 9-year terms at 12 percent interest. Interest for delayed payments and the effects of exchange rate adjustments will be canceled for them. We are looking forward to their contribution to the SAM and expect that they will fulfill their financial and social commitments.

The Fund for Commercial Development will be expanded by 2.25 billion this year and by 3.75 billion in 1981 to update the marketing of mass consumption items.

An 11 billion peso commodities support fund is being established within the system of obligatory investments for private and mixed banks.

Up to 5 billion pesos in fiscal promotion certificates will be issued to spur the construction of low-rent housing, which will also be financed with 38 billion to be earmarked next year for this purpose.

All of these measures, plus traditional and complementary steps, are the specific pledges that I am announcing to this sovereign body. But they will not be enough unless society develops a definite awareness of inflation and a determination to combat it.

In point of fact, much of inflation is subjective. It stems from expectations, which are psychological factors, and there are two basic ones: fear of insecurity and ambition.

When faced with insecurity, a person tries to obtain more today so that he enjoy security tomorrow. Ambition is related to this and makes its contribution too. People not only want to close the gap; they want to take advantage of the opportunity to boost profits. All you have to do is change the price tag.

These subjective factors can be overcome only by conviction, calmness and reflection. Only the mind can convince the mind.

Those who fuel inflation with their fear or ambition should remember that they cannot free themselves from fear and insecurity in an ailing society that they are making worse with their fears, which

trigger further fears. The ambitious ought to reflect that their temporary profits are the smoke of their own fire and that they will not be able to enjoy anything in an unbalanced society; on the contrary, they have everything to lose--everything, I stress--if its structure explodes or falls apart.

If we want to feel secure and enjoy our possessions, we are going to have to establish balance and calm. We are poisoning the atmosphere more and more, and we all have to breathe. Let us put forth an effort at mental health.

We are experiencing a strange paradox. It is universally admitted that the country's destiny is assured. Like few other countries, it has the resources, the vigor and the tradition to cope with the crisis. Our country is acknowledged to have mounting authority internationally, and its voice is increasingly listened to. Our standing is high and we are trusted.

It is here at home that we are absurdly clouding our prospects.

It would be a serious burden on Mexico's historical conscience if this generation, which has the duty-bound privilege of seizing this great opportunity, dissipated Mexico's potential through annihilating confrontation, disorder, inefficiency, mistrust, lack of understanding, selfishness or corruption. We have a country, we have standards established by the revolution, we have resources, we have the profile of a great nation. Let us have the grand determination.

We are going to marshal our desire to transform and expand the frontiers of what we can do for Mexico. Let us make today's expectations tomorrow's solutions.

Our national destiny is not conceivable without greatness, and greatness is not attainable without independence. To affirm it we must show ourselves and the world that we can respond to the challenge. We are the fruit of proud civilizations and of Mexican martyrs and heroes who gave us a homeland, faith and a flag. We are the frontier between the world of poverty and the world of wealth and power and between the predominant cultures on this continent. We are a landmark and a watchtower. Let us be accomplishment and progress.

Mexico must realize that it is setting an example. It cannot now collapse into inefficiency by losing its bearings and trampling on its principles or by accepting subservience or even imitation. It would be betraying its reason for being and would even cause incalculable imbalances in international society. Mexico's battle for progress and independence is the battle that the developing world is waging. We cannot lose it. It would be proving the Zarathustras

right. Our friends in the world wish almost as much as we do that we can be efficient and hope that we can continue to be free.

Neither the winds of inflation nor the darkness of our internal demons will be able to defeat us. Let us all struggle against these phantoms.

Let us overcome them here and now, with our strength and determination, for ourselves and for our children.

Growth with justice, by Mexico, for Mexico.

Long live Mexico!

[Response by Deputy Cuauhtémoc de Anda Gutierrez to the Fourth Government Report ]

Mr President of the Republic:

We have listened attentively to the report that you have just presented to this sovereign national body and that includes seven statistical annexes clearly reflecting the state of the public administration in our country.

In subsequent sessions, the houses of Congress and their specialized committees will meet to gain a more in-depth knowledge of the entire series of documents.

The founders of our republic decided on a division of branches, and the nation's political wisdom has been strengthening this system ever since.

Guadalupe Victoria said the following to Congress in 1824:

"Nations have learned from painful and ongoing experience that the concentration of powers in a single hand is little or not at all removed from high-handedness and that their freedoms will be precarious until institutions based on national sovereignty focus their attention, point out their limits and determine their respective nature."

In its lengthy struggle for democracy, the consolidation of independence, freedom, the refinement of republican institutions and the raising of the living standards of the working classes, which makes possible the fulfillment of social and political principles, our country has had to sustain tensions, cope with crises and overcome pressures and conflicts, the effects of which have made their mark on our society but have also enabled us to respect our essences and affirm our principles in freedom.

Freedom is the primary expression of justice. It includes the freedom to think, talk and write, the freedom of political action by opposition parties, which helps to vitalize democracy and refine the actions of the administration.

The political reform implemented by this administration has aimed at all this, an administration that from its outset has stressed our freedom of political action and strengthened the healthy division of powers that the Republic's first leaders chose for us.

The series of actions that we call the political reform offers an answer to the minorities who are an important part of contemporary society and also provides for the possibility of social change guided by a solid majority within a state of law like ours.

We are aware that from its outset the current administration has implemented a series of projects and programs that together are known as the Comprehensive Development Plan, which sets specific goals and charts strategies commensurate with our revolutionary principles but which, above all, rationalizes and marshals the activities that are useful for society.

It is encouraging that the plan seeks to coordinate the efforts of all Mexicans and to bolster our independence as a democratic mission that is fair and free economically, politically and culturally, as well as to provide a minimum level of well-being for our people by giving priority to food, housing, education, health care and job needs and by promoting rapid and sustained economic growth with particular emphasis on the distribution of wealth among the country's citizens, factors of production and regions.

The document contains abundant information concerning the course that our country ought to follow until the close of this administration, but it also contains the groundwork for development over the decades to come, calling for economic growth of eight percent a year.

The world economic picture is worrisome. There is disorder and a lack of global solidarity. Many countries, even the powerful ones, are suffering from inflation and recession, and their growth rates have come to a standstill or are negative. It is thus important to underscore in the face of all this that thanks to the efforts of all Mexicans, Mexico has succeeded for the second straight year in growing at the extraordinary rate of eight percent a year.

I must point out that although economic growth is important, it is just a required, though not sufficient condition for achieving development, which we will attain only by reaching the above goals, in other words, when we manage to better distribute income among individuals, the factors of production and regions.

I welcome the plan, the publication of which was a brave move by the Executive Branch, because by making it public, it can be subjected to a wide range of analyses and criticism.

In addition, development plans ought to be legitimized and institutionalized so as to insure their implementation.

The troublesome situation in rural areas and the worsening living conditions of our peasant farmers have necessitated novel and discerning responses to resolve them.

To this end, thanks to redoubled efforts, we have a modern strategy consisting basically of the Mexican Food Supply System, whose goals include national food self-sufficiency, the enrichment of diets, more jobs and a minimum level of well-being for our rural dwellers.

This is an attempt to improve the lot of our peasant farmers, not out of kindness but a sense of justice.

In the midst of the international food crisis, we have now clearly grasped that rural poverty also means food shortages and high prices in our cities.

Moreover, the inequalities between city and countryside have split us into sectors at differing stages of development, which has made our march towards progress slow and laborious.

For all of these reasons, we understand the efforts that the government is making by sharing risks with growers, thus encouraging their trust and helping them to earn a profit.

The Mexican Food Supply System can be successful only if it is decisively backed by the two main forces involved: the government and the peasant farmers, and all within a framework of renewed respect and trust.

Discontent has become widespread in the countryside and in the underprivileged communities in poor nations, in some of which the army has been used as a repressive force. Here in our country, thanks to our democratic tradition, our political stability, our discipline and the sense of responsibility and patriotism of the Mexican Army, the Armed Forces devote themselves to nobler activities. We ought to publicly acknowledge the virtues of our sailors and soldiers. They have all earned our respect.

Subsidies are a tool of social justice to cushion the inequalities that exist in our system. They represent government action to benefit the masses directly or through the production of goods and services that are socially and nationally needed. When these objectives are

not fully achieved, they must be adjusted. Therefore, this Congress supports the Executive Branch's decision to conduct an in-depth reassessment of subsidy policy.

Particularly important are its determined efforts to develop our underprivileged communities through programs to supply drinking water, to build roads, to provide access to social security, to improve rural housing and to train people for jobs.

The social movement on which our political doctrine is based has represented grievances and just aspirations of children, families and communities, with priority given to the most deprived groups. Human solidarity, tenacity, selflessness and perseverance are the pillars of this effort.

Our gratitude goes to our women community action volunteers and to Mrs Carmen Romano de Lopez-Portillo for their noble efforts.

We hail the continued decrease in the unemployment rate, as 700,000 jobs were created last year, which means that for the first time the supply of jobs outstripped the increase in population. What is more, the 2.2 million new jobs that have been set as a goal for the remainder of this administration seem more feasible and attainable every day. Even though we are gratified by this laudable effort, we cannot ignore that millions of Mexicans are underemployed, earning income below the minimum wage. We must remember that six million of our fellow adult citizens are illiterate and therefore have very limited potential in the job market. It is basic common sense to urgently encourage them to better themselves.

The recently begun national productivity campaign, whose goal is not efficiency for efficiency's sake but to better distribute the wealth and to make better and lower cost goods, as you commented, can become a reality only if our labor force undergoes massive and ongoing training. Training is a challenge that we must all help to meet. Our workers and businessmen will be the main beneficiaries.

Furthermore, it is advisable that education programs be expanded and intensified, especially in the provinces.

The magnificent economic growth rate that we have been maintaining could slow down if we do not provide for better training. Let us all strive to do so.

With regard to your kind invitation to analyze the relationships of special jobs tied to higher public interests, this Congress, realizing the importance and currency of the issue, will undertake the pertinent studies.

We share your concern about the need to link education with the educational system. We hail the growing number of youngsters whose desire to serve is taking them to our most isolated regions. We appreciate what a major goal it is to train 600,000 peasant farmers for jobs. This training, together with the rise in the number of students in technical fields, will energetically enhance the quality of life in the provinces. I would like to emphasize here that we must spur technical education in our backward and isolated regions, in keeping with the principles of the founders of technical education, which are more valid than ever today.

One of the most significant doctrinal principles of the Mexican Revolution, education for all, is about to be fulfilled in the area of primary school education. It is a moving experience to realize that we are on the threshold of providing this education for all Mexican children.

One of the actions that set this administration apart last year was its unprecedented consultation of public opinion regarding Mexico's chance to join GATT. Many Mexicans expressed themselves through the mass media, and of course the Chamber of Deputies, through the various political parties that comprise it, also made known its various viewpoints.

Available statistics indicate that over the years the rich countries have benefited from this multilateral agreement. Moreover, its regulations threatened to curtail our sovereignty, especially with regard to the management of our oil. For these and other reasons, we were pleased by your decision not to join this organization for now. This demonstrated, furthermore, that when the Executive Branch asked Mexicans to voice their opinions, it had not yet made a decision, contrary to what some people had assumed. Independently of the technical arguments for or against GATT, this created responsiveness among important groups of Mexicans and gave a clear indication of our political health.

An up-to-date classification of nations would include rich countries with oil, rich countries without oil, underdeveloped countries with oil and underdeveloped countries without oil. There are a great many in this latter group and they are gradually realizing in desperation that their possibilities for development are vanishing, to the extent that a number of them will cease to be viable countries unless the system is revamped.

The rich countries, for their part, are to a greater or lesser extent also suffering from the effects of the crisis.

The World Energy Plan that you proposed to the UN General Assembly takes on importance in light of this panorama. This specific proposal charts a course towards a new international economic order.

Under this plan, Mexico and Venezuela, by guaranteeing oil supplies to Central American and Caribbean countries, have established a precedent of cooperation that also shows that principles and actions can be reconciled.

Your policy for managing our petroleum resources has benefited the nation.

First, by boosting our proven reserves, we began to move towards solvency. Then, this solvency has helped us to cope with the international crisis successfully though not without difficulties. We then had the good sense to utilize petroleum as a major tool in our development strategy.

Today we have been informed that our proven reserves have increased once again, by 10 billion barrels.

I would like to underscore the magnitude of this figure by noting that if we sold this amount at world prices, it would more than double our gross national product in 1980, more than double what all Mexicans produce this year in the form of goods and services. It is also equal to four times the government's current budgetary expenditures.

Our proven reserves have thus increased an impressive tenfold in just 4 years, from 6 to 60 billion barrels.

Lastly, just the 10 billion barrel increase announced today is three times larger than the total amount of oil extracted during the current 6-year presidential term.

Let us appreciate the significance of these accomplishments and let us hope that the generations to come realize the true dimension of these developments.

We support the foreign policy actions that your administration has taken because they vigorously uphold the views that Mexico has maintained in the international arena. Mexico has, in particular, acted with dignity and independence in its new and delicate position as a non-permanent member of the UN Security Council.

We also would like to stress our eagerness to intensify relations with countries on different continents and with different systems; we respect their self-determination and ask to be treated likewise.

The declarations, agreements and visits have had an economic, political and cultural impact and have aimed at establishing common ground and practical, mutually beneficial solutions.

Special mention ought to be made of the brave and just defense of our natural resources, as in the recent tuna incident. In this you have the support of all Mexicans.

Our various expressions of solidarity with what is happening in Nicaragua and your visit to Cuba are convincing demonstrations of the fondness we Mexicans feel for these sister nations.

Mr President: Under the constitution, this Congress authorized your trips overseas pursuant to the independent policy you have adopted in a clear-cut exercise of our sovereignty. As representatives of the people, we reaffirm our support for you again today.

In conclusion, the developments described here today constitute another link in Mexico's history. They represent the sum total of the nation's longings, concerns, efforts and accomplishments.

We have learned of significant gains, that what has been done this year is important but also that we still have much to do. To this end, looking to the future, we have a history, a culture and a tradition; we have a united government; we have achieved and maintained political stability for decades; our record has earned us international respect commensurate with our capabilities; we have the natural and human resources that guarantee that our Mexico is a viable country, a country with a certain destiny.

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# REPORT ON PRIME MINISTER ULLOA'S SPEECH TO CONGRESS

## Economic Crisis

Lima EL COMERCIO in Spanish 28 Aug 80 p 1

[Report on Prime Minister Manuel Ulloa's message to Congress, 27 August 1980]

[Text] "The Peru entrusted to us on 28 July 1980 is suffering from a serious moral social and economic crisis," said Prime Minister and Minister of Economy, Finance and Commerce Manuel Ulloa Elías in his diagnosis of the situation the country is in made just a few moments before starting on the report proper in his message to Congress.

As an example, he cited the revealing rise in the size of the country's foreign debt which, according to what he said, amounted to only \$1.8 billion in 1968 and by the end of last year had risen to \$9.361 billion, while the average rate of inflation over the past 2 years has been 70.2 percent.

Ulloa emphatically stated: "Peru has never been less independent. We are at the mercy of the good will of our foreign creditors, of foreign capital for the exploitation of our natural resources and big national economic groups have again been created."

He said that in 1980 we find a country which since 1968 has turned itself into one subject to the will of a dictatorship.

After pointing out that the state now controls 36 percent of the goods and services the country produces, as against 17.5 percent in 1968, he noted that, during the same period of time, the central government has increased the number of employees in its service from 165,000 to over 300,000.

He added that the regime that took over in 1968, without the legislative power that would have kept watch over its official acts, has massively intimidated our means of expression and made the judiciary subject to its will and discretion.

He said that this whole state of affairs was determined by a centralized government, insensible to the clamor of the provinces.

He said that the Peruvian businessman, small, median or big, was harshly persecuted and stripped, not only stripped of his property, but robbed of his initiative.

"As far as expropriations were concerned, the foreign capitalist, regardless of his importance, was treated according to rules of the game that were more favorable than those established for Peruvians," Ulloa noted.

The prime minister said that human capital was disregarded. He explained that caloric consumption, which amounted to 2,070 per person in 1968, has dropped to 1,590 and protein consumption from 62 to 50 grams a day.

Ulloa said that the consumption of milk, which with a normal diet averages 120 liters per person a year, had dropped to 30.4 liters in 1975.

As reasons behind this dramatic situation, he cited the drop in food production and inflation, the average rate of which has been 60 percent over the past 3 years, thus eroding the purchasing power of wages.

He also noted that the extent of the inflation had been deliberately concealed. The cost of living index was 19.8 percent, but the rate of inflation was artificially maintained. "Combined with the publicized rate of inflation and the effect of the impounding, the alternation would have meant an inflation rate of 37 percent, which is 17 percent more than the rate that was made public," Dr Manuel Ulloa categorically stated.

Ulloa also said that the educational system was "abused." He said that the government that has just come to an end built 2,208 schools, despite the fact that the student population had grown by 2 million students in 12 years time, while under Fernando Belaunde Terry the first constitutional government built 5,100 schools in 5 years.

He added that the society that went through this has been "ripped apart in terms of its physical bonds, the development of its customs, the lack of respect for the law and the general immorality that prevails throughout the whole."

He said that, of the country's 18 million inhabitants, only 5.5 percent can be classified as economically active population.

After pointing out that overt unemployment exceeds 7 percent and under-employment accounts for 52 percent, [he said that] the obviousness of the problem is demonstrated by the fact that a little more than 40 percent of the labor force is regularly employed and receives a wage equal to or higher than the minimum wage (22,020 soles a month up until the 31st of this month).

In 1968 the per capita income was \$376 and in 1979 \$788, while in Brazil, for example, during the same period of time, it rose from \$356 to \$1,723, and in Colombia from \$303 to \$890.

Between 1969 and 1980 the GDP grew at the rate of 3.8 percent a year. In Ecuador the annual growth rate was 7.7 percent, in Colombia 6.3 percent, in Brazil 8.7 percent and in Bolivia 5.2 percent.

In 1972 the public sector deficit came to 10.6 billion soles which, at today's value, would be equivalent to 123.6 billion. This deficit represented 3.6 percent of the GDP and, in the 2 years that followed, 4.8 and 7.6 percent.

He said that those responsible for the administration of the economy continued to generate fiscal deficits equivalent to 10 percent of the GDP in 1975, 1976 and 1977, increasing the debt to a magnitude equivalent to 85 percent of the GDP by the end of 1978.

He added that, once the possibility of continuing to incur foreign debts was exhausted, the crisis was exposed and the pressure to spend, which accelerated inflation, combined with an uncontrollable rise in costs, the product of the uncontrolled devaluation of our currency.

#### Government Plans

Lima EL COMERCIO in Spanish 28 Aug 80 p 4

[Text] Prime Minister Manuel Ulloa Elias has announced to the country that in 1981 a growth rate of 6 percent of the GDP, an inflation rate of 40 percent and a balancing out of the balance of payments will be attained.

Prime Minister Manuel Ulloa Elias has announced to the country that in 1981 a growth rate of 6 percent of the GDP, an inflation rate of 40 percent and a balancing out of the balance of payments will be attained.

After outlining the government's policy to Congress, he cited those macro-economic goals it is hoped will be attained in the year to come.

Regarding national production, he said that farm production would amount to a gross product of 4.2 percent, a goal relatively easy to achieve, especially if the measures provided for in the Agrarian Promotion Law, which will be promulgated very soon, begin to have their effect.

After explaining the goals that have been set in different sectors, Ulloa said that "most indications relating to industrial activity permit us to expect that in 1981 we will be experiencing a third year of growth, after a serious recession recorded in 1977 and 1978."

He added that they feel that the rate of growth prior to the recession will be regained and that high rates of expansion in the field of nontraditional exports will be maintained.

Addressing himself to the financial program, the prime minister said that an inflation rate of 40 percent has been predicted for 1981, from December to December. This goal will be the result of a realistic program designed to contain the rise in prices.

While credit for the public sector will be maintained at levels compatible with inflation, credit for the private sector will be expanded by 48 percent, which is compatible with the predicted inflation rate and with the real increase in production.

Discussing the balance of payments, he said that they would strive to achieve a balance in 1981 if they succeeded in changing the volume of imports. Thus the international reserves accumulated by the end of 1980, amounting to \$1.85 billion, would be sufficient for the balance of payments program planned for 1981.

He also reminded us that in 1979 a surplus of \$1.579 billion in the balance of payments had been obtained and that in 1980 there would probably be a surplus of \$1.3 billion.

He said that the government would look for favorable, low-interest loans with suitable terms and that in 1981 the appropriateness of restructuring the foreign debt would be studied with a view to reducing the cost of servicing it.

He announced the gradual reduction of subsidies, which in time will be temporary and discriminating, a broadening of the tax base and elimination of taxes that encumber the schedule.

He also reported on the measures that will be adopted to protect the workers in general against inflation. As of 1 January 1981, wages and salaries will be readjusted quarterly.

Elsewhere, he said that they will strive to reduce underemployment through the intensive utilization of manpower in an expansion and development of farm and road facilities.

Ulloa noted that "this great country, full of contradictions, poverty and greatness, is sick and has to be treated with filial devotion and love, but at the same time seriously and with the best professional competence we can find to rescue it from its affliction and misery."

And lastly, he commented that, while the image of national reality that has been presented fills us with consternation, we can also perceive an iron determination to repair what has to be repaired and to build a strong and vigorous nation.

## Massive Employment Program

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[Text] Prime Minister Manuel Ulloa Elias yesterday announced to the country that a rate of growth of 6 percent in the GDP would be attained in 1981. Inflation would be reduced to 40 percent and the balance of payments would be equalized.

He also said that farm production would attain a gross product of 4.2 percent, while private sector credit would be expanded by 48 percent, compatible with the anticipated rate of inflation.

He added that the promotion of employment would be tackled in permanent fashion by the constitutional government, which would earnestly develop a vast plan for mass employment and later many high-density manpower projects.

Analyzing the country's problems by sector, he outlined a number of guidelines and concrete proposals of the government plan which is to be implemented.

In his extensive exposition, he reported on maintenance of the Labor Community, the revision of many things like the CERTEX [Export Certificates] and the taxation system, with simplification of taxes and a revision of rates, the educational reform and agrarian program budgets, the incentive to be applied to the country's regionalization, the construction of housing and health care.

He concerned himself with projects for the colonization and full exploitation of the potential of the forests, with irrigation and with the granting of priority to farm and livestock development.

He proposed the conversion of PETROPERU [State Petroleum Agency] into a private corporation and the elimination of MINPECO's [Peruvian State Mineral Marketing Company] trade monopoly on minerals, among other important decisions.

Regarding the municipal elections to be held during the third week in September, he remarked that this means "a guarantee for the democratic regime established on 28 July" and he hoped that it would be "a new demonstration of the country's civic feeling and civilized attitude."

When he broached the topic of labor, Ulloa highly praised the invaluable capital represented by Peruvian workers. "This is why we are engaged in improving real wages, working conditions and the distribution of income," he specified.

He added that this goal would be possible thanks to the realization that the country's economic opportunities and employers' willingness to achieve an ever more equitable distribution of the economic surplus must be available to the workers.

Discussing the Social Security Service, he told the nation that they would strive to extend coverage to the economically active segment of the population to the maximum extent possible.

Ulloa Elias also said that a system for the periodic adjustment of wages and salaries would be created as of next 1 January, with quarterly adjustment periods and within the framework of a permanent climate of peace in the world of labor.

At the same time, the Ministry of Labor has already undertaken the task of synthesizing legislation now in effect for the purpose of preparing a bill dealing with the bases for labor laws.

In the field of education, Ulloa said that the new Constitution reclaims 20 percent of the national budget for this sector.

He added that the results of the educational reform program would be evaluated "to determine in precise and expert fashion both its successes and its mistakes."

He said that, as far as housing is concerned, the government will seek to improve the standard of living of the Peruvian family. He added that construction would be reactivated due to the fact that there is a dramatic housing shortage of a million units, 40 percent of which are in Lima.

With regard to the agrarian sector, he said that, due to the crisis brought on by the drought, the food import program provides for 1.5 million tons of food worth \$500 million for this year.

In the field of energy and mining, he said that there would be periodic readjustments in electricity rates and that, in the case of oil, the promotion of exploration programs, drilling and secondary recovery require immediate action since the new contracts cannot prove themselves to be effective in less than from 5 to 7 years.

He noted that gradual rises in the price of fuels to "realistic price" levels would also be necessary.

In the field of mining, he said that, as a means of providing maximal incentive, the 17.5-percent tax on domestic sales and mining established in 1967 would gradually be eliminated.

Elsewhere, he said that the constant promotion of traditional and nontraditional exports would be furthered. He also noted that the tariff system

would be revised, directing it toward the establishment of clearcut regulations for investment.

With regard to imports, he said that they do not amount to \$3 billion. As to the foreign debt, he said that it would come to \$1,362 billion this year. "It will devour 1 out of every 3 export dollars," he added.

He said that the income tax system would be revised and a bill would be presented before December, designed to correct the effects of inflation on the country's tax structure.

#### Education Budget

Lima EL COMERCIO in Spanish 28 Aug 80 p 4

[Text] Prime Minister Manuel Ulloa said last night that the new Constitution reclaims 20 percent of the national budget for the education sector, severely penalized during the former military regime.

He added that the results of the educational reform program would be evaluated "to determine in precise and expert fashion both its successes and its mistakes."

He announced that the new policy "would recognize and encourage the action of the teacher, the family and private initiative in the field of education."

He also said that new, general legislation on education would be passed with the aim of revitalizing the society.

He reminded us that education has been abused. While from 1968 to 1980 the student population grew by 2 million students, the government that ended its term in July built 2,208 schools. During the 5 years of constitutional government, between 1963 and 1968, 5,100 schools were built. This is why student density has grown from 134 to 208 pupils per school between 1968 and 1980. And the education law that was passed in 1972, for clearly political reasons, has merely served to gradually destroy our universities.

Also, from 1963 to 1968 the number of professors grew from 73,464 to 118,147. But, from 1968 to 1979 only 14,436 of them were incorporated into the teaching profession, resulting in the fact that the coefficient of pupils per teacher increased by 53 percent.

Ulloa, however, said that the figures cited do not reveal the dimensions of the drama of Peruvian teachers. Their income level remains extremely low.

"Under the political circumstances that prevailed until recently, they could only recover part of the dignity they had lost thanks to a politicization such that, while it permitted them to obtain a higher level of income, they had to pay the highest price for it that a professor can pay, namely the loss of their professional independence."

The education budget, which in 1966 was equivalent to 29 percent of the total, now amounts to only 11 percent.

### Cooperatives

He was resolute on the cooperatives: "We propose to go on supporting the cooperative policy which is in agreement with the one developed by the constitutional government from 1963 to 1968." Among other measures, he announced the reestablishment of the National Institute of Cooperatives with broader functions and the particular promotion of the financial integration of the cooperative movement through the National Cooperatives Bank, which is to be created.

### Real Wage Declines

Lima EL COMERCIO in Spanish 28 Aug 80 p 4

[Text] Prime Minister Manuel Ulloa notes that only 5.5 percent of the country's 18 million inhabitants can be classified as economically active population. Overt unemployment exceeds 7 percent but the worst of it is that underemployment affects over 52 percent of that population.

But the obviousness of the problem is demonstrated by the fact that only a little more than 40 percent of the labor force is regularly employed and receives a wage equal to or higher than the minimum wage.

This is why from 1973 to 1979 labor's share of national income declined, going from 51.3 percent in 1972 to 38.2 percent in 1979.

Real wage growth was negative in the 1970's but it reached dramatic lows between 1977 and 1978 when it was -20.6 and -11.3 respectively.

During the 1970's the cooperative system was disjointed and utilized as a political instrument by SINAMOS [National System for Support to Social Mobilization]. And when the movement was deactivated, they proceeded to divide it up, detracting from it the importance this associative form of ownership of the means of production should have had.

Ulloa said that it is a matter of public knowledge and obvious that the Social Security Service is going through a crisis, since not only does it protect merely a small segment of the working population, but what is more, it does not provide adequate benefits in terms of health as well as other risks.

He added that the skimpy figures figures we are plagued with every day reveal the fact that something very wrong was done as regards the creation and distribution of the wealth, as regards the policies that have been pursued and as regards the use that has been made of state funds.

So, how can we fail to recognize the fact that our society is an unjust one and that it is really sick? How can we fail to proclaim the need for revising the concepts that have served to orient government action for the past 12 years? How can we fail to call on all those who hold responsible positions, because the people have placed their hopes on us, to dedicate ourselves totally and exclusively to the immense task of repairing this society, of healing it and protecting it? How can we fail to call on all those Peruvian youths who have been living in a fog, in confusion to join us in this noble pledge of solidarity with the poor, the illiterate and the forsaken ones of our fatherland?

"Needless to say, religion, morality and virtue must constitute the frame of reference that inspires the behavior of Peruvians and of this society we are striving to restore and to make a more just and a more humane one," he added.

He said that, as far as the economy is concerned, there can be no doubt that the revolutionary process brought with it not only new ideas, but also different methods in the administration of affairs of state and in terms of the role which was assigned to private initiative in the development of the country.

#### Foodstuffs Import Allocation

Lima EL COMERCIO in Spanish 28 Aug 80 p 4

[Text] Last night Prime Minister Manuel Ulloa told Congress that in the field of housing government policy would be oriented toward improving the Peruvian family's standard of living.

He said that toward this end they would try to make use of the people's ability to save, to consolidate the urban scope of the cities, to carry out pilot housing programs and to locate the most depressed segments of the population in housing suitable to their means.

He announced the reactivation of construction due to the fact that there is an impressive housing shortage, estimated at 1 million units, 40 percent of which is in Lima.

Elsewhere, he noted that in the field of health they hope to reduce the mortality rate resulting from disease, especially among children, to protect the binomial mother-child relationship and to reorganize hospitals.

#### Farming

The prime minister announced that top priority would be assigned to the recovery and development of farming. "In this case, we will strive to consolidate the agrarian reform program, restore the farmer's standard of

living and provide the incentives necessary to improve yields, increase production and exploit land on the coast, in the mountains and particularly in the forests with the aid of the special powers the Agrarian Promotion Law endows us with," he assured us.

Then he reported on the crisis brought on by the drought, because of which it is anticipated that 1.5 million tons of food worth about \$500 million will be imported through the food import program.

He said that irrigation projects, in progress or under study, will cover 855,000 hectares in different parts of the country.

#### Forests

He said that the forest region contains 313,000 hectares suitable for the development of food and industrial crops, 135,000 hectares suitable for farm and livestock activities and 480,000 hectares for timber cutting.

Complete studies will be made for the appropriate utilization of the region and an overall plan for the development of the central forest region, which will involve various projects, will be drawn up.

#### Mining, Industry Promotion

Lima EL COMERCIO in Spanish 28 Aug 80 p 4

[Text] Last night Prime Minister Manuel Ulloa said that the mining industry ought to play an important role in the promotion of exports, the creation of wealth and the employment of manpower, and that among other measures to be adopted would be elimination of the MINPECO trade monopoly, as provided in the Constitution. In this way, the flexibility of efficiency and economy will be restored to the mineral trade. However, the state will continue to be a big mining producer.

Mining taxes amounting to 17.5 percent on domestic sales and on exports, established in 1967 and which are not today justifiable, will be gradually eliminated, but appropriate substitutes will be sought.

#### Industry

Speaking on industry, Ulloa confirmed the fact that the Labor Community would be maintained as it exists now, with some improvements in the employee shareholding system.

He criticized industrial policy in the past for not having regarded industrialization as an economic process. The government will draft an industry law and perform the role of promoter without enjoying the privileges or monopolies pertaining thereto.

"Under the circumstances, private activity will have to depend on its initiative and creativity, directing itself toward the attainment of high levels of efficiency with due consideration for the public interest and under conditions of free competition," he said.

#### CERTEX

As to the CERTEX, he announced that it would be maintained, while at the same time eliminating corruption in the administration of this instrument and seeing to it that not only business firms benefit from it, but also the towns where the corresponding work centers are located.

Farther on, he lashed out against the tariff system, which has been turned into an element of useless economic policy, complicated and basically unfair, as he put it. Therefore, the tariff system would be revised, directing it toward the establishment of clearcut regulations for investment, consumers and honest competition.

#### Exports

Ulloa said that the constant promotion of traditional and nontraditional exports would be achieved by means of a realistic exchange rate that reflects the scarcity of foreign currency.

He described the current export picture as being a dangerous one because it has been enlarged with prices having little stability, such as those of oil exports which this year will amount to 25 million barrels and which tend to be rapidly absorbed by domestic consumption.

He added that there are prices that have suffered drastic declines, as is the case with cotton, sugar, iron, etc.

#### Imports

Regarding imports, he said that they do not come to \$3 billion and, on the public foreign debt, he said that this year it would come to \$1,362 billion. "It will devour 1 out of every 3 export dollars," the prime minister affirmed.

He criticized the system of incentives and controls of the past 10 years and announced that the government would devote a major effort to improving its administration and to simplifying its procedures, laying emphasis on the facilitation of export and import procedures and those applying to loans and taxes.

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**DATE FILMED**

October 31, 1980

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